



**COUNTY OF HENRICO
DEPARTMENT OF FINANCE
PURCHASING DIVISION
CONTRACT EXTRACT
NOTICE OF AWARD/RENEWAL**

| | |
|---|---|
| DATE: | June 11, 2025 |
| CONTRACT COMMODITY/SERVICE: <i>(include contracting entity if cooperative)</i> | Audit Services for Finance |
| CONTRACT NUMBER: | 2773A |
| COMMODITY CODE: | 946.20 |
| CONTRACT PERIOD: | April 1, 2025 through March 31, 2028 (FY 2025,2026,2027) *Get new Engagement Letters each year |
| RENEWAL OPTIONS: | Two one-year renewals through 2030 (FY 2028, FY 2029) |
| USER DEPARTMENT: | Finance |
| Contact Name: | Brian Edwards |
| Phone Number: | 804-501-4557 |
| Email Address: | Edw068@henrico.gov |
| HENRICO COOPERATIVE TERMS INCLUDED: | Yes |
| SUPPLIER: Name: | Cherry Bekaert LLP |
| Address: | 200 South 10 th Street Suite 900 |
| City, State: | Richmond, VA 23219 |
| Contact Name: | Scott Anderson |
| Phone Number: | 804-673-5700 |
| Email address: | sanderson@cbh.com |
| ORACLE SUPPLIER NUMBER: | 2730 |
| BUSINESS CATEGORY: | Non Swam |
| PAYMENT TERMS: | Net 45 |
| DELIVERY: | n/a |
| FOB: | n/a |
| BUYER: Name: | Eileen Falcone, CPPB |
| Title: | Purchasing Manager |
| Phone: | 804-501-5637 |
| Email: | Fal51@henrico.gov |

This contract is the result of a competitive solicitation issued by the Department of Finance, Purchasing Division. A requisition must be generated for all purchases made against this contract and the requisition must reference the contract number.



COMMONWEALTH OF VIRGINIA
County of Henrico

Professional Services Contract
Contract No. 2773A

This Professional Services Contract (this "Contract") entered into this 31st day of March 2025, by Cherry Bekaert LLP (the "Contractor") and the County of Henrico, Virginia ("the County")

WHEREAS the County has awarded the Contractor this Contract pursuant to Request for Proposals No. 24-2773-10EMF, dated November 7, 2024 (the "Request for Proposals"), for audit services.

WITNESSETH that the Contractor and County, in consideration of the mutual covenants, promises and agreements herein contained, agree as follows:

SCOPE OF CONTRACT: The Contractor shall provide the services to the County as set forth in the Contract Documents.

COMPENSATION: The compensation the County will pay to the Contractor under this Contract shall be pursuant to Exhibit D and summarized in Table 1 below.

Table 1

| | |
|---|-----------|
| Annual base fee for County and Schools | \$372,160 |
| Fee Per Required Program Over Ten (10) | \$ 7,130 |
| Examination of Virginia Retirement System (VRS) census data - County | \$ 6,505 |
| Examination of Virginia Retirement System (VRS) census data - Schools | \$ 6,505 |
| Audit of Sheriff's Office Canteen Fund and Inmate Fund | \$ 14,740 |

During each fiscal year audit, Cherry Bekaert may invoice the County a percentage of the applicable year's annual fee in accordance with Exhibit D and summarized in Table 2 below.

Table 2

| Date | Maximum Percentage of Fee |
|-------------|---------------------------|
| July 1 | 20% |
| August 1 | 20% |
| September 1 | 20% |
| October 1 | 30% |
| Completion | 10% |

CONTRACT TERM: The initial term of the contract shall be from the date of award through March 31, 2028 ("Initial Term"). During the Initial Term, Cherry Bekaert will audit the three fiscal years ending June 30, 2025, 2026, and 2027. After the initial term the County may at its option, renew the contract for two (2) additional one-year terms upon 30 day's notice prior to the expiration date of the Contract. Any increase in fees for the initial year or the extended one-year terms shall not exceed 3% or the Consumer Price Index for all Urban Consumers (CPI-U) average for the most recent 12 months available at the end of each fiscal year, whichever is the lesser. Cherry Bekaert shall provide the County with at least 90 days prior written notice if it does not intend to renew the Contract.

CONTRACT DOCUMENTS: This Contract hereby incorporates by reference the documents listed below (the "Contract Documents") which shall control in the following descending order:

1. This Professional Services Contract between the County and Contractor.
2. The HIPPA Business Associate Agreement (Exhibit A)
3. The Negotiated Modifications (Exhibit B)
4. The General Contract Terms and Conditions included in the Request for Proposals.
5. Contractor's Engagement Letter dated March 19, 2025 (Exhibit C)
6. Contractor's Best and Final Offer dated February 28, 2025 (Exhibit D).
7. Contractor's Original Proposal dated December 11, 2024 (Exhibit E).
8. The Scope of Services included in the Request for Proposals.

IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed intending to be bound hereby.

Cherry Bekaert LLP
200 South 10th Street, Suite 900
Richmond, VA 23219

County of Henrico, Virginia
P O Box 90775
Henrico, VA 23273-0775



Signature

Robert Churchman, Partner

Printed Name and Title

March 25, 2025

Date



Signature

John A. Vithoulkas

County Manager

3/28/2025

Date

APPROVED AS TO FORM



Asst. COUNTY ATTORNEY 3/26/2025

EXHIBIT A HIPAA BUSINESS ASSOCIATE AGREEMENT

WHEREAS, the County of Henrico, Virginia ("the County") and Cherry Bekaert, LLP ("Business Associate") entered into a contract on March 31, 2025 for the performance of audit services (the "Contract"); and

WHEREAS, the County is a hybrid entity including covered health care components and internal business associates under the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the American Recovery and Reinvestment Act of 2009 ("ARRA"), Title XIII of ARRA, the Health Information Technology for Economic and Clinical Health Act ("HITECH") Subtitle D; and

WHEREAS, HIPAA, HITECH, and the implementing regulations have established Privacy and Security Standards (the Privacy, Security, Breach Notification and Enforcement Rules at 45 C.F.R. §§ 160 and 164); and

WHEREAS, Business Associate is directly subject to HIPAA, Title XIII of ARRA, and amendments thereto, and HITECH Subtitle D, and all related rules and regulations in effect and any amendments thereto; and

WHEREAS, Business Associate may receive from the County and use and/or disclose records that include information that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual; or with respect to which there is a reasonable basis to believe the information can be used to identify the individual (Protected Health Information, "PHI"); and

WHEREAS, the Privacy and Security Standards require a Business Associate Agreement to ensure that PHI is adequately safeguarded as part of the Contract provisions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Business Associate Agreement ("BAA") and in the Contract and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties, the County and Business Associate agree as follows:

I. DEFINITIONS

The following terms used in this BAA have the same meaning as those terms in the Privacy and Security Standards: Breach, Business Associate, Disclosure, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required by Law, Subcontractor, and Use.

II. OBLIGATIONS OF THE BUSINESS ASSOCIATE

1. Permitted Uses and Disclosure of PHI. Business Associate's activities for and/or on behalf of the County may involve the use and/or disclosure of PHI. Business Associate will use and/or disclose PHI only to the extent necessary to perform its

duties and obligations to the County or as otherwise required by law. Business Associate may permit the use of PHI by third parties, including its employees, contractors, agents, or other representatives, only to the extent directly related to and necessary for the performance of its duties and obligations to the County as required by the Contract or as otherwise permitted by law. Business Associate and its agents or subcontractors will only request, use and disclose the minimum PHI necessary to perform its duties and obligations in accordance with HIPAA, the HIPAA Regulations, and HITECH.

2. Safeguards Against Misuse of Information.

- a. Business Associate will use appropriate and reasonable safeguards to maintain the security of and prevent the improper use or disclosure of PHI.
- b. Business Associate will comply with 45 C.F.R. §§ 160.302 *et seq.* in utilizing administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic PHI, as that term is defined in 45 C.F.R. § 160.103, that it creates, receives, maintains or transmits on behalf of the County.
- c. Business Associate will train employees in information security, designating a security officer, conducting an information risk analysis, and developing a risk management remediation plan.
- d. Business Associate will abide by the prohibitions under the ARRA regarding the sale and marketing of PHI.
- e. Business Associate will comply with any other conditions that the Secretary of the Department Health and Human Services requires with respect to electronic PHI.

3. Reporting Breaches and Other Security Incidents and Mitigation of Effect.

- a. Business Associate will promptly report to the County: (1) any use or disclosure of PHI not authorized by the Contract of which it becomes aware; and (2) any "security incident," as defined by 45 C.F.R. § 164.304, of which it becomes aware. Business Associate will take reasonable steps to cure any such security incident and implement procedures for mitigating the harmful effects from any such security compromise. Business Associate will report the measures it took to mitigate any security compromise that may have occurred and shall report any data loss or other information system compromise as a result of the incident.
- b. In the event of a breach of unsecured PHI as defined in 45 C.F.R. § 164.410, Business Associate will comply with the breach notification requirements of 45 C.F.R. § 164.410 and notify the County without reasonable delay, and no later than two (2) business days of when Business Associate becomes aware of a breach. Notification of security incidents will include the identity of each individual whose unsecured PHI has been or is reasonably believed to have been accessed, acquired, or disclosed inappropriately during such breach.

Notifications will contain any other such information as Business Associate reasonably believes is required for the County to further investigate. Business Associate will also provide such assistance and further information as reasonably requested by the County in meeting its responsibility to notify all individuals affected, as detailed in 45 C.F.R. § 164.404.

4. Use and Disclosure of PHI by Subcontractors and Agents.

- a. Business Associate will require any subcontractor or agent that is authorized to review, use or disclose PHI obtained by Business Associate from the County, to agree in writing to adhere to the same restrictions, conditions, and requirements regarding the use and disclosure of PHI and safeguarding of PHI that apply to Business Associate.
- b. Business Associate will ensure that any subcontractor or agent to whom it provides electronic PHI that was created, received, maintained or transmitted on behalf of the County agrees in writing to implement reasonable and appropriate safeguards to protect the confidentiality, security, and integrity of the electronic PHI.

5. Access to Information. Throughout the term of this BAA, Business Associate will make available to the County all PHI provided to Business Associate by the County for so long as such information is maintained. Upon written request from the County, Business Associate will make an individual's PHI available to the County within fifteen (15) days of an individual's request for such information as notified by the County. In the event that the requesting individual's PHI is neither maintained nor accessible on site by the County or the Business Associate, the extended timeframe set forth in 45 C.F.R. § 164.504(3)(2)(iii)(C) will be available for Business Associate to respond to the County's request. In the event any individual requests access to County-provided PHI directly from Business Associate, Business Associate shall forward such request to the County. Any denials of access to PHI requested shall be the responsibility of the County. Business Associate shall further conform with and meet all the requirements of 45 C.F.R. § 164.524.

6. Availability of PHI for Amendment. Upon receipt of a request from the County to update PHI for an individual, Business Associate will incorporate any such amendment into its records within thirty (30) days of the request or as may be required by 45 C.F.R. § 164.526. If Business Associate receives a request from an individual for an amendment to County-provided PHI, Business Associate shall forward such request directly to the County. Any review and consideration of a requested amendment shall be the responsibility of the County.

7. Accounting of Disclosures. Upon request from the County, Business Associate will make available to the County such information as is in Business Associate's possession and is required for the County to make an accounting as required by 45 C.F.R. § 164.528. In the event the request for an accounting is delivered directly to Business Associate, Business Associate will forward such request to the County as soon as practicable. It shall be the County's responsibility to prepare and deliver any

such accounting requested. Business Associate will maintain an appropriate record keeping process to enable it to comply with the requirements of this Section.

8. Use and Disclosures for Business Associate's Purposes.

- a. Business Associate will only use or disclose PHI to the minimum necessary to carry out its duties and obligations under the Contract or as required by law. Business Associate may not use or disclose PHI in a manner that would violate 45 C.F.R. § 164.500 *et seq.*
- b. Business Associate may disclose PHI for its own proper management and administration or to carry out its legal responsibilities, provided the disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the PHI is disclosed that it will remain confidential and be used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached.

9. Availability of Books and Records. Business Associate will make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by, Business Associate on behalf of the County available to the County and the Secretary of the Department of Health and Human Services for purposes of monitoring compliance with the Privacy and Security Standards.

10. Indemnification. Business Associate will indemnify and defend the County, its agents, representatives, and employees from any claims, demands, losses, or liabilities including attorney's fees arising out of or related to Business Associate's breach or alleged breach of the terms of this BAA by Business Associate or any agent or subcontractor of Business Associate. The maximum aggregate liability of Business Associate with respect to this paragraph is five million dollars (\$5,000,000.00).

11. Compliance with Requirements. To the extent the Business Associate is to carry out one or more of the obligations of the County under 45 C.F.R. § 164.500 *et seq.*, Business Associate will comply with the requirements that apply to the County in the performance of such obligations.

III. OBLIGATIONS OF THE COUNTY

1. Notice of Privacy Practices. The County will notify Business Associate of any limitation in its Notice of Privacy Practices, which the County, or any of its departments, provides or makes available to individuals pursuant to 45 C.F.R. § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.

2. Restrictions on Disclosures. If applicable to Business Associate, the County will notify Business Associate as soon as practicable of any request for restrictions by an

individual of the use or disclosure of the individual's PHI that the County has agreed to accept. The County will also notify Business Associate, if applicable, of any changes in, withdrawal, or revocation of any authorization or other permissions(s) granted the County by an individual for the use and disclosure of the individual's PHI.

3. Impermissible Requests. The County will not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy or Security Standards if done by the County. Nothing in this section shall preclude Business Associate from using or disclosing PHI for its management and administrative activities as provided in Section II.8 above.

IV. MISCELLANEOUS

1. Term. This BAA will remain in effect for the term of the Contract between the County and the Business Associate, including any extensions or renewals thereof.
2. Termination for Cause. Upon the County's knowledge of a material breach by Business Associate, the County will provide Business Associate an opportunity to cure the breach or end the violation. The County may terminate the Contract: (a) immediately if Business Associate has breached a material term and cure is not possible; or (b) upon Business Associate's failure to cure the breach or end the violation within the time specified by the County.
3. Effect of Termination.
 - a. Except as provided in paragraph b of this section, upon termination of this BAA for any reason, Business Associate will return or destroy all PHI received from the County, or created or received by Business Associate on behalf of the County. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate will not retain copies, including electronic copies, of the PHI.
 - b. In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate will provide the County notification of the conditions that make return or destruction infeasible and extend the protections of this BAA to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.
4. Amendments. This BAA, and any provision thereof, may be amended, modified or deleted by written agreement of the parties. The parties may amend this BAA from time to time as necessary for the County and Business Associate to comply with the Privacy or Security Standards and all other applicable laws or regulations.
5. Survival. The respective rights and obligations of Business Associate and the County survive termination of this BAA and any underlying Contract.

6. Interpretation. This BAA shall be interpreted as broadly as necessary to implement and comply with the Privacy and Security Standards. Any ambiguities in this BAA will be resolved in favor of a meaning that complies with the Privacy and Security Standards.
7. Governing Law and Venue. This BAA is governed by applicable federal laws and the laws of the Commonwealth of Virginia without regard to laws relating to choice of law or conflicts of law. Exclusive venue for any dispute arising hereunder will be resolved in the Circuit Court of the County of Henrico, Virginia.
8. Coordination of Documents. In the event of a conflict between a provision of this BAA and the Contract, the provisions of this BAA will control.
9. Notices. All notices, requests, demands and other communications required or permitted to be given or made under this BAA shall be in writing, shall be effective upon receipt, and shall be sent by (a) personal delivery; (b) certified or registered United States mail, return receipt requested; (c) overnight delivery services with proof of delivery; or (d) facsimile with return facsimile acknowledging receipt. Notices will be sent to the address below:

To Covered Entity: Brandon Hinton, Privacy Officer
County of Henrico
4301 E. Parham Road
P.O. Box 90775
Henrico, Virginia 23273-0775
Facsimile: (804) 501-4162

To Business Associate: Rob Churchman
Cherry Bekaert LLP
200 South 10th Street, Suite 900
Richmond, VA 23219

IN WITNESS WHEREOF, the parties hereto have signed this Business Associate Agreement.

Cherry Bekaert LLP

By: Robert Churchman

Title: Partner

Date: 3/24/25

County of Henrico

By: [Signature]

Title: County Manager

Date: 3/24/2025

APPROVED AS TO FORM

[Signature]
Asst. COUNTY ATTORNEY 3/26/2025

EXHIBIT B
NEGOTIATED MODIFICATIONS TO AGREEMENT DOCUMENTS FOR
CONTRACT NO. 2773A

These Negotiated Modifications are hereby incorporated into Contract No.2773A (the "Contract") for Audit Services the effective as of the effective date of the Contract.

WHEREAS, the County and Contractor desire to agree in writing to modify the final terms and conditions of the Contract.

THEREFORE, in consideration of the Recital set forth above and good and valuable consideration as set forth in the Contract, the parties agree that the General Contract Terms and Conditions in the Request for Proposals are modified as follows as of the date of the Contract:

1. Sec.V.F.1 – Termination by County - Shall now read:
The County may terminate the contract for cause or convenience and the Contractor may terminate for cause or convenience upon 60 days written notice.
2. Sec. V.F.2.d – Termination by county – Shall now read:
d. An equitable adjustment in the Contract price shall be made for unpaid services satisfactorily rendered and goods satisfactorily delivered before the date the Successful Offeror receives the notice of termination. The Successful Offeror shall not be entitled to payment for services rendered or goods delivered after the date the Successful Offeror receives the notice of termination or for reimbursement of any cost the Successful Offeror incurs after the date the Successful Offeror receives the notice of termination.
3. Sec. V.N - Indemnification – Shall now read:
The Successful Offeror agrees to indemnify, defend, and hold harmless the County (including Henrico County Public Schools) and the County's officers, agents, and employees ("Indemnified Parties") from any damages, liabilities, and costs, including attorneys' fees, arising from any claims, demands, actions, or proceedings made or brought against one or more of the Indemnified Parties by any person, including any employee of the Successful Offeror, related to the Successful Offeror's negligent provision of the services, breach of contract or violation of law, provided that such liability is not attributable to the sole negligence of the County. Provided, however, that the maximum aggregate liability of Successful Offeror with respect to the Contract shall not exceed the sum of five million dollars (\$5,000,000.00).

4. Sec.V.S.1 and 2 – Record Retention and Audits – Shall now read:

1. The Successful Offeror shall retain, during the performance of the Contract and for a period of five years from the completion of the Contract, all records pertaining to the Successful Offeror's proposal and any Contract awarded pursuant to this Request for Proposal. Such records shall include but not be limited to all paid vouchers including those for out-of-pocket expenses; other reimbursement supported by invoices, including the Successful Offeror's copies of periodic estimates for partial payment; ledgers, cancelled checks; deposit slips; bank statements; journals; Contract amendments and change orders; insurance documents; payroll documents; timesheets; memoranda; and correspondence. Such records shall be available to the County on demand and without advance notice upon reasonable written notice during the Successful Offeror's normal working hours.

2. County personnel may perform in-progress and post-audits of the Successful Offeror's records as a result of a Contract awarded pursuant to this Request for Proposals. Files would be available on demand and without notice upon reasonable written notice during normal working hours.

5. Attachment E – Insurance Specifications – per the following changes.

Automobile Liability

Cherry Bekaert has no owned vehicles

Professional Liability

Our coverage is per claim, not occurrence

Cyber Liability

Our coverage is per claim, not occurrence

By signing the Contract, the parties thereto have approved these Negotiated Modifications.



March 19, 2025

VIA EMAIL:

min042@henrico.us

Sheila Minor, CPA
 Director of Finance
 County of Henrico, Virginia
 4301 Parham Road
 Henrico, Virginia 23228

Dear Ms. Minor:

This engagement letter between County of Henrico, Virginia and its component units, the County School Board and the James River Juvenile Detention Center (the "JRJDC"), (hereafter referred to as the "County" or "you" or "your" or "management") and Cherry Bekaert LLP (the "Firm" or "Cherry Bekaert" or "we" or "us" or "our") 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, which are attached hereto and incorporated by reference, designed to facilitate the performance of our professional services and to achieve the mutually agreed-upon objectives of the County.

Summary of services

We will provide the following services to the County as of and for the year ended June 30, 2025:

Audit and attestation services

1. We will provide a Report of Independent Auditor on the fair presentation of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as presented in the basic financial statements.
2. We will read the Introductory and Statistical sections accompanying the financial statements and consider whether a material inconsistency exists between the other information and the financial statements. In addition, we will remain alert for indications that a material inconsistency exists between the other information and knowledge obtained in the audit, or if such information contains a material misstatement of fact or is otherwise misleading. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.
3. We will audit the Supplementary Information and the Schedule of Expenditures of Federal Awards ("SEFA"), as listed in Annual Comprehensive Financial Report's ("ACFR") Table of Contents, and provide an "in relation to" opinion. As part of our engagement, we will apply certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.
4. We will apply limited procedures to the Management's Discussion and Analysis ("MD&A") and the other required supplementary information, as listed in the ACFR's

Table of Content, which will consist of inquiries of County's management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements.

5. Report of Independent Auditor on the fair presentation of the Sheriff's Office Canteen and Inmate Fund.
6. Report of Independent Auditor for use with Official Statements (Liftable).
7. Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
8. Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
9. Report of Independent Auditor on Compliance with Virginia specifications.

Examination services

VRS Census Data

We will examine the County's and Schools' assertion that the census data provided to the Virginia Retirement System (the "VRS") by the County for the year ended June 30, 2025 is accurate and complete. The objectives of our examination are to (1) obtain reasonable assurance about whether the assertion is free from material misstatement based on the criteria and (2) to express an opinion as to whether assertion is fairly stated in all material respects.

Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (the "AICPA"). Accordingly, it will include examining, on a test basis, your records and other procedures to obtain evidence necessary to enable us to express our opinion. We will issue a written report upon completion of our examination. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form, or have not formed, an opinion, we may decline to express an opinion or may withdraw from the engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with attestation standards.

We will plan and perform examinations to obtain reasonable assurance about whether the assertions are free from material misstatement. Our engagement will not include a detailed inspection of every item supporting each assertion and cannot be relied upon to disclose all material errors, or known and suspected fraud, or noncompliance with laws or regulations, or internal control deficiencies, which may exist. However, we will inform you of any known or suspected fraud and noncompliance with laws and regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention unless clearly trivial.

We understand that you will provide us with the information required for our examination and

that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate criteria, but the responsibility for the subject matter remains with you.

The report we intend to issue is intended solely for the information and use of the County and the Auditor of Public Accounts of the Commonwealth of Virginia (the "APA") and is not intended to be, and should not be, used by anyone other than these specified parties.

You are responsible for the presentation of the data in accordance with the assertions described above 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 whether the census data provided to the VRS by the County for the year ended June 30, 2025 is accurate and complete. Failure to provide such an assertion will result in our withdrawal from the engagement.

You are also responsible for making all management decisions and performing all management functions; for designating an individual who possesses suitable skill, knowledge, or experience to oversee the services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Agreed-upon procedures services

As requested, we will apply certain agreed-upon procedures, which are detailed in the (1) Specifications for Audits of Counties, Cities, and Towns (the "Specifications"), issued by the APA and (2) the Virginia Department of Environmental Quality's local government financial assurance requirements, both as listed in the Attachment B to this letter, to test the County's compliance for the year ended June 30, 2025. This engagement is solely to assist the County, the APA and the DEQ in determining the County's compliance.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the AICPA. Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgment that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. The agreement and acknowledgment are contained within this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures listed within Attachment B do not constitute an examination or review, we will not express an opinion on the County's compliance with the APA's and DEQ's requirements. In addition, we have no obligation to perform any procedures beyond those listed within Attachment B.

We will issue a report upon completion of our engagement listing the procedures performed and our findings. Our report will be addressed to County Board of Supervisors and either the APA or the DEQ. 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.

If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate, we will disclose the restrictions in our report.

There may exist circumstances that, in our professional judgment, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of procedures are not appropriate.

If circumstances occur relating to the condition of your records, the availability of evidence, or the existence of a significant risk of material misstatement of the subject matter caused by error or fraud, which in our professional judgment prevent us from completing the engagement or reporting findings on the subject matter, we retain the right to take any course of action permitted by professional standards, including declining to report findings or issue a report, or withdrawing from the engagement.

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 County's compliance that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the County's compliance, 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.

Nonattest accounting and other services

We will provide the following additional services:

1. Complete the appropriate sections of and sign the Data Collection Form.

Your expectations

As part of our planning process, we have discussed with you your expectations of Cherry Bekaert, changes that occurred during the year, your views on risks facing you, any relationship issues with Cherry Bekaert, and specific engagement arrangements and timing. Our services plan, which includes our audit plan, is designed to provide a foundation for an effective, efficient, and quality-focused approach to accomplish the engagement objectives and meet or exceed the County's expectations. Our services plan will be reviewed with you periodically and will serve as a benchmark against which you will be able to measure our performance. Any additional services that you may request, and that we agree to provide, will be the subject of separate written arrangements.

The County recognizes that our professional standards require that we be independent from the County in our audit, examination, and agreed-upon procedures engagements and our related reporting 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 the County and the County should not expect that we will act only with due regard to the County's interest in the performance of this audit, and the County should not impose on us special confidence that we will conduct this audit with only the County's interest in mind. Because of our obligation to be independent of the County, no fiduciary relationship will be created by this engagement or audit, examination, and agreed-upon procedures engagements.

The engagement will be led by Scott Anderson, who will be responsible for assuring the overall quality, value, and timeliness of the services provided to you.

Audit and attestation services

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"); the Single Audit Act Amendments of 1996 and the Specifications. The objective of our audit is to obtain reasonable assurance about whether the County's financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether the County's financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles ("GAAP") and to report on the fairness of the additional information referred to in the Summary of Services section when considered in relation to the financial statements taken as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Specifications will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements in conformity with the basis of accounting noted above. The objective also includes reporting on:

- ❑ Internal control over financial reporting and compliance with the provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with GAAS, *Government Auditing Standards*, and the Specifications.
- ❑ Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and the Uniform Guidance.

Auditor's responsibilities for the audit of the financial statements

We will conduct our audit in accordance with GAAS, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Specifications and will include tests of accounting records, a determination of major programs in accordance with Uniform Guidance, and other

procedures as deemed necessary to enable us to express such opinions about whether the financial statements are fairly presented, in all material respects, in conformity with GAAP.

We will also:

- ☐ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ☐ Obtain an understanding of the County and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- ☐ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ☐ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- ☐ Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

Nonattest accounting and other services

In connection with any of the audit, accounting, or other services noted below, we will provide a copy of all schedules or other support for you to maintain as part of your books and records supporting your financial statements. You agree to take responsibility for all documents provided by Cherry Bekaert and will retain copies based on your needs and document retention policies. By providing these documents to you, you confirm that Cherry Bekaert is not responsible for hosting your records or maintaining custody of your records or data and that Cherry Bekaert is not providing business continuity or disaster recovery services. You confirm you are responsible for maintaining internal controls over your books and records including business continuity and disaster recovery alternatives. In addition, any documents provided to Cherry Bekaert by the County in connection with these services will be considered to be copies and will not be retained by Cherry Bekaert after completion of the accounting and other services. You are expected to retain anything you upload to a Cherry Bekaert portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. You are expected to maintain control over your accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up

services for any of your data or records. Giving us access to your accounting system does not make us hosts of information contained within.

The accounting and other services described in this section are nonaudit services, which do not constitute audit services under *Government Auditing Standards*, and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming County's management responsibilities.

In conjunction with providing these accounting and other services, we may use third party software or templates created by Cherry Bekaert for use on third party software. Management expressly agrees that the County has obtained no rights to use such software or templates and that Cherry Bekaert's use of the County's data in those applications is not deemed to be hosting, maintaining custody, providing business continuity, or disaster recovery services.

Data collection form

We will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to the County; however, it is the County's management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the designated federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

County's management responsibilities related to accounting and other services

For all nonattest services we perform in connection with the engagement, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, retain relevant copies supporting your books and records, and accept overall responsibility for the results of the services.

Prior to the release of the report, the County's management will need to sign a representation letter acknowledging its responsibility for the results of these services, and acknowledging receipt of all appropriate copies.

County's management responsibilities related to the audit

The County's management is responsible for (1) designing, implementing, and maintaining internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that the County's management and financial information is reliable and properly reported. The County's management is also responsible for implementing systems designed to achieve compliance with applicable laws,

regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards and all accompanying information in conformity with GAAP; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationship in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

The County's management is responsible for making all financial records and related information available to us, including additional information that is requested for purposes of the audit (including information from outside of the general and subsidiary ledgers), and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit and (4) unrestricted access to persons within the County from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the County involving (1) the County's management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, grantors, regulators, or other. In addition, you are responsible for identifying and ensuring that the County complies with applicable laws, regulations contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that we report. Additionally, as required by the Uniform Guidance, it is the County's management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

The County's management is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to

intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (2) you believe the SEFA, including its form and content, is stated fairly in accordance with the Uniform Guidance, (3) the methods of measurement or presentation have not changed from those used in the prior period or, if they have changed, the reasons for such changes, and (4) the County has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP, (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP, (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes), and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

The County's management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. The County's management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the *Audit and attestation services* section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing County's management views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

The County's management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards and disclosures, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards and disclosures, and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and disclosures prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

County's management's responsibilities related to the examination

The County's management is responsible for:

- Providing us with the information required for our examination and for the accuracy and completeness of that information
- If applicable, the fair presentation of the financial information included in the report in conformity with the acceptable financial framework or the criteria or assertion described on page one of the engagement letter.
- If applicable, the selection and application of accounting principles and the consistent application of those principles.
- Making all financial or other applicable records and related information available to us.
- Ensuring that all material information is disclosed to us.
- Granting unrestricted access to persons within the County from whom we determine it necessary to obtain sufficient evidence to complete our examination.
- Identifying and ensuring that the County complies with the laws and regulations applicable to the criteria or assertion described on page one of the engagement letter.

The County's management is responsible for informing us of its views regarding the risk of fraud impacting the report at the County. The County's management must inform us of their knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, regulators, or others, and for informing us about all known or suspected fraud affecting the County involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the report.

The County's management is responsible for the design, implementation, and maintenance of programs and controls over the report and to prevent and detect fraud. Appropriate supervisory review procedures are necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to and to identify errors and fraud or illegal acts.

At the conclusion of the examination engagements, the County's management will provide to us a representation letter that, among other things, addresses (1) management's responsibilities related to the examination and confirms certain representations made to us during the examination, including, the management's acknowledgement of its responsibility for the design and implementation of programs and controls to prevent and detect fraud; (2) County's management's responsibilities related to the monitoring of internal control over financial reporting; and (3) the County's management's knowledge, directly or from allegations by others, of fraud or suspected fraud affecting the County.

County's management's responsibilities related to the agreed-upon procedures

You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

The County's management is responsible for the presentation of the related subject matter for the agreed-upon procedures in accordance with the criteria noted earlier; and determining that such criteria are appropriate for the County's purposes. You are also responsible for, and agree to provide us with, a written assertion about the subject matter noted earlier. 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 County 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 the County's 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 subject matter for the agreed-upon procedures in accordance with the criteria noted above; (2) the County's management's knowledge of fraud or suspected fraud affecting the County 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) the County's management's knowledge of any allegations of fraud or suspected fraud affecting the County, received in communications from employees or others.

Reporting

Our report will be addressed to the Board of Supervisors of the County. Circumstances may arise in which our report may differ from its expected form and content based on the result of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also issue written reports upon completion of our Single Audit. The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Management representations

The Firm will rely on the County's management providing the above noted representations to us, both in the planning and performance of the audit, and in considering any increase in the fees as provided in the Contract.

Fees

The estimated fees contemplate only the services described in the Summary of Services section of this letter. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees which will be at our standard billing rates noted in the table below. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Standard Bill Rates

| Skill Level | Bill Rate |
|-------------------|-----------|
| Partner | \$580 |
| Director | \$510 |
| Senior Manager | \$495 |
| Manager | \$375 |
| Senior Accountant | \$325 |
| Staff Accountant | \$240 |

Per contract 2773A, our fee will be \$_____, which will be billed periodically on agreed-upon dates per the contract.

The fees will be billed in accordance with our contract. 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. No change, modification, addition, or amendment to this letter shall be valid unless in writing and signed by all parties. The parties agree that this letter may be electronically signed and that the electronic signatures will be deemed to have the same force and effect as handwritten signatures.

County of Henrico, Virginia
March 19, 2025
Page 13

If you have any questions, please email Scott Anderson at sanderson@cbh.com.

Sincerely,

CHERRY BEKAERT LLP

LLP Signature Here

County of Henrico, Virginia

ACCEPTED BY:

Scott S. Min

TITLE:

Director of Finance

DATE: 3/27/2025

APPROVED AS TO FORM

Don 2 Mervin

Asst. COUNTY ATTORNEY 3/26/2025

Cherry Bekaert LLP
Engagement Letter Terms and Conditions

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 audit report

Should the County wish to include or incorporate by reference the financial statements and our report thereon into *any* other document at some future date, we will consider granting permission to include our report into another such document at the time of the request. However, we may be required by generally accepted auditing standards ("GAAS") to perform certain procedures before we can give our permission to include our report in another document such as an annual report, private placement, regulator filing, official statement, offering of debt securities, etc. You agree that the County will not include or incorporate by reference the financial statements 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.

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.

Limitations of the audit process

In conducting the audit, we will perform tests of the accounting records and such other procedures as we consider necessary in the circumstances to provide a reasonable basis for our opinions on the financial statements. We also will assess the accounting principles used and significant estimates made by the County's management, as well as evaluate the overall financial statement presentation.

Our audit will include procedures designed to obtain reasonable assurance of detecting misstatements due to errors or fraud that are material to the financial statements. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. For example, audits performed in accordance with GAAS are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material misstatements due to errors or fraud, if they exist, may not be detected. Also, an

audit is not designed to detect matters that are immaterial to the financial statements. In addition, an audit conducted in accordance with GAAS does not include procedures specifically designed to detect illegal acts having an indirect effect (e.g., violations of fraud and abuse statutes that result in fines or penalties being imposed on the County) on the financial statements.

Similarly, in performing our audit we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our audit 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 audit 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 that the County will cooperate fully with any procedures we deem necessary to perform with respect to these matters.

We will issue a written report upon completion of our audit of the County's financial statements. If, for any reason, we are unable to complete the audit, or are unable to form, or have not formed an opinion on the financial statements, we may decline to express an opinion or decline to issue a report as a result of the engagement. We will notify the appropriate party within your organization of our decision and discuss the reasons supporting our position.

Audit procedures – general

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve professional judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the County's management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the County or to acts by the County's management or employees acting on behalf of the County. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits, nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of the County's management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our

responsibility as auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, funding sources, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit procedures – internal controls

Our audit will include obtaining an understanding of the County and its environment, including internal controls relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control, including cybersecurity, and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to the County's management and those charged with governance internal control related matters that are required to be communicated under American Institute of Certified Public Accountants ("AICPA") professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit procedures - compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the County's compliance with provisions of applicable laws and regulations, contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall

compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the County's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Nonattest services

All nonattest services to be provided in the attached engagement letter shall be provided pursuant to the AICPA Code of Professional Conduct. The AICPA Code of Professional Conduct requires that we establish objectives of the engagement and the services to be performed, which are described under nonattest services in the attached letter.

You agree that the County's designated individual will assume all the County's management responsibilities for the nonattest services we provide; oversee the services by designating an individual, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. In order to ensure we provide such services in compliance with all professional standards, the designated individual is responsible for:

- ☐ Making all financial records and related information available to us
- ☐ Ensuring that all material information is disclosed to us
- ☐ Granting unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence
- ☐ Identifying and ensuring that such nonattest complies with the laws and regulations

The accuracy and appropriateness of such nonattest services shall be limited by the accuracy and sufficiency of the information provided by the County's designated individual. In the course of providing such nonattest services, we may provide professional advice and guidance based on knowledge of accounting, tax and other compliance, and of the facts and circumstances as provided by the County's designated individual. Such advice and guidance shall be limited as permitted under the AICPA Code of Professional Conduct.

Responsibilities of Cherry Bekaert LLP with respect to the examination services

In performing our examinations, we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our examinations will not include a detailed test of every item supporting the assertion or subject matter 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 assertion 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 examination unless clearly inconsequential. You agree to cooperate fully with any

procedures we deem necessary to perform with respect to these matters.

Our examination will include procedures designed to obtain reasonable assurance that the assertion is in conformity with the criteria described above. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. For example, examinations performed in accordance with attestation standards are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that errors or fraud, if they exist, may not be detected.

Responsibilities of Cherry Bekaert LLP with respect to the agreed-upon procedures

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. 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.

Communications

At the conclusion of the audit engagement, we may provide the County's management and those charged with governance a letter stating any significant deficiencies or material weaknesses which may have been identified by us during the audit and our recommendations designed to help the County make improvements in its internal control structure and operations related to the identified matters discovered in the financial statement audit. As part of this engagement, we will ensure that certain additional matters are communicated to the appropriate members of the County. Such matters include (1) our responsibilities under GAAS, (2) the initial selection of and changes in significant accounting policies and their application, (3) our independence with respect to the County, (4) the process used by County's management in formulating particularly sensitive accounting estimates and the basis for our conclusion regarding the reasonableness of those estimates, (5) audit adjustments, if any, that could, in our judgment, either individually or in the aggregate be significant to the financial statements or our report, (6) any disagreements with the County's management concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements, (7) our views about matters that were the subject of the County's management's consultation with other accountants about auditing and accounting matters, (8) major issues that were discussed with the County's management in connection with the retention of our services, including, among other matters, any

discussions regarding the application of accounting principles and auditing standards, and (9) serious difficulties that we encountered in dealing with the County's management related to the performance of the audit.

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 12 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. Any parties seeking voluntary access to our working papers must agree to sign our standard access letter.

We may be requested to make certain documentation available to regulators, governmental agencies (e.g., SEC, PCAOB, HUD, RD, DOL, etc.), or their representatives ("Regulators") pursuant to law or regulations. If requested, access to the documentation will be provided to the Regulators. The Regulators may intend to distribute to others, including other governmental agencies, our working papers and related documentation without our knowledge or express permission. You hereby acknowledge and authorize us to allow Regulators access to and copies of documentation as requested. In addition, our Firm, as well as all other major accounting firms, participates in a "peer review" program covering our audit and accounting practices as required by the AICPA. 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 the County 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. As an alternative, we recommend using our Client Portal ("Portal") to transmit documents. Portal allows the County, us, and other involved entities to upload and download documents in a secure location. You agree to the use of email, Portal, 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.

Use of third party providers and alternative practice structure

Cherry Bekaert LLP and Cherry Bekaert Advisory LLC (an associated, but not affiliated entity) are parties to an administrative services agreement ("ASA"). Cherry Bekaert LLP and Cherry Bekaert Advisory LLC are operating in an arrangement commonly described as an "alternative practice structure". Pursuant to the ASA, Cherry Bekaert LLP leases professional

and administrative staff, both of which are employed by Cherry Bekaert Advisory LLC, to support Cherry Bekaert LLP's performance under this engagement letter. As a result, Cherry Bekaert LLP will share your confidential information with Cherry Bekaert Advisory LLC so that the leased employees are able to support Cherry Bekaert LLP's performance under this engagement letter. These leased employees are under the direct control and supervision of Cherry Bekaert LLP, which is solely responsible for the professional performance of the services under this engagement letter. The leased employees are subject to the standards governing the accounting profession, including the requirement to maintain the confidentiality of client information, and Cherry Bekaert LLP and Cherry Bekaert Advisory LLC have contractual agreements requiring confidential treatment of all client information.

To the extent Cherry Bekaert Advisory LLC will provide tax, advisory, and/or consulting services to you, Cherry Bekaert LLP will provide Cherry Bekaert Advisory LLC with access to your accounting, financial, and other records that Cherry Bekaert LLP maintains to enable Cherry Bekaert Advisory LLC to provide those services to you.

In addition to the structure noted above, in the normal course of business, we may on occasion use the services of an independent contractor or a temporary or loaned employee, all of whom may be considered a third party service provider. On these occasions, we remain responsible for the adequate oversight of all services performed by the third party service provider and for ensuring that all services are performed with professional competence and due professional care. We will adequately plan and supervise the services provided by the third party service provider; obtain sufficient relevant data to support the work product; and review compliance with technical standards applicable to the professional services rendered. We will enter into a contractual agreement with the third party service provider to maintain the confidentiality of information and be reasonably assured that the third party service provider has appropriate procedures in place to prevent the unauthorized release of confidential information to others.

Subpoenas

In the event we are requested or authorized by the County, 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 the County, the County 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 provision

This Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to any dispute or claim arising out of or relating to this engagement letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of the Firm or any of its subcontractors or agents to the County or at its request ("Disputes"), and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise.

Mediation

All Disputes shall be first submitted to nonbinding confidential mediation by written notice to the parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts,

together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR"), at the written request of a party, shall designate a mediator.

Costs

Each party shall bear its own costs in mediation.

Waiver of trial by jury

In the event the parties are unable to successfully arbitrate 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.

No third party beneficiaries

The parties do not intend to benefit any third party by entering into this agreement, and nothing contained in this agreement confers any right or benefit upon any person or entity who or which is not a signatory of this agreement.

Statute of limitations

The County and the Firm agree that any suit arising out of or related to the services contemplated by this engagement letter must be filed within one year after the cause of action arises. The cause of action arises upon the earlier of (i) delivery of the final work product for which the firm has been engaged, (ii) where applicable, filing of the final work product for which the firm has been engaged, or (iii) the date which the services contemplated under this engagement letter are terminated by either party.

Terms and conditions supporting fees

The estimated fees set forth in the attached engagement letter are based on anticipated full cooperation from the County's personnel, timely delivery of requested audit and attestation schedules and supporting information, timely communication of all significant accounting and financial reporting matters, the assumption that unexpected circumstances will not be encountered during the audit, 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 fees do 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 contemplate that the County will provide adequate documentation of its systems and controls related to significant transaction cycles and audit and attestation areas.

In providing our services, we will consult with the County with respect to matters of accounting, financial reporting, or other significant business issues as permitted by professional standards. Accordingly, time necessary to affect a reasonable amount of such consultation is reflected in our fees. However, should a matter require research, consultation, or audit work beyond that amount, the Firm and the County will agree to an appropriate revision in our fee.

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

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.

Cherry Bekaert LLP Agreed-Upon Procedures

APA Comparative Report Transmittal

We will apply the agreed-upon procedures, which the APA and the County have specified, as listed below. This engagement is solely to assist the County in evaluating management's assertion about whether the Comparative Report Transmittal Forms comply with the requirements of the Uniform Financial Reporting Manual (the "Manual") for the year ended June 30, 2025.

- We will read the requirements for the completion of the forms as set forth in the Manual and identify differences between the County's accounting policies and the requirements of the Manual.
- We will compare the information contained on Form 050 to the County's ACFR and will review any reconciling items for compliance with the requirements of the Manual.
- We will read any comments made by the APA during the desk review of the County's forms submitted in the prior year and determine whether the current year forms incorporate these comments.
- We will read the Verify Report and the Edits Report to determine whether the APA's automated forms identified any exceptions.
- We will read the Analysis Report and determine whether comments were provided for all flagged variances.
- We will read joint activity forms (e.g., Forms 110) prepared by other local governments, authorities, or auditors and determine whether they have been accurately and completely incorporated within the Comparative Report Transmittal Forms.

Landfill Closure

We will apply the agreed-upon procedures for landfill closure of the County based upon the mandates of the Environmental Protection Agency and the DEQ, as listed below, as of and for the fiscal year ended June 30, 2025. This engagement is solely to assist the County with respect to demonstrating compliance with the local government financial test as required to meet the financial assurance requirements, in accordance with Section 20-70-210 of the Financial Assurance Regulations for Solid Waste Disposal, Transfer, and Treatment Facilities, relating to the closure, post-closure care, and corrective action costs of owning and operating a municipal solid waste landfill facility. We understand that the landfill closure will be presented in conformity with GAAP. Specifically, we will perform the following:

- We will compare the data and statements contained in the letter from the Director of Finance (the "Letter") and the data and statements contained in the County's ACFR, as of and for the year ended June 30, 2025, and determine whether they agree.
- We will compare the ending June 30, 2025 balances of bonds outstanding, including applicable premiums, within the Alternative I section of the Letter to the County's June 30, 2025 ACFR and determine whether they agree.
- We will compare total revenue reported in the Letter to the County's ACFR, for the fiscal years ended June 30, 2025 and 2024, and determine whether they agree.
- We will compare the amount reported in the Letter for the County's estimated solid waste management liability to the County's June 30, 2025 ACFR and determine whether they agree.
- We will compare amounts reported for other self-insured environmental underground storage tank aggregate insurance coverage costs for fiscal year 2025 to supporting documentation and determine whether they agree.

- We will re-compute totals and percentages used in calculating the conditions of the test included in the Letter for fiscal year 2025.

Sheriff's Internal Controls

We will apply the agreed-upon procedures which were agreed to by the County and the APA, solely to assist the County in evaluating its assertion that the Sheriff's office has maintained effective internal controls over compliance adequate for complying with the Virginia Sheriffs' Accounting Manual and the Code of Virginia, Sections 15.2-1609 through 15.2-1625 for the year ended June 30, 2025, in accordance with the Specifications. This engagement is solely to assist the Sheriff and the County in complying with the requirements the Manual and the Code of Virginia, Sections 15.2-1609 through 15.2-1625. Specifically, we plan to perform the following:

1. Select a sample of two (2) monthly bank reconciliations from the Canteen and Inmate Trust Fund and, for each reconciliation selected, determine whether the bank statement was reconciled to the general ledger and was reviewed by management as indicated by signed initials.
2. Select a sample of the lesser of twenty-five (25) or 10% of all canteen purchases from the Canteen Fund's general ledger detail and determine whether the Canteen Facility Director or his/her designee approved the purchases.
3. Select a sample of the lesser of twenty-five (25) or 10% all canteen disbursements and obtain the supporting invoices and determine whether the disbursement was for education, recreational, or other inmate beneficial purposes.
4. Select a sample of the lesser of twenty-five (25) or 10% of all inmate deposits and determine whether the deposit was supported by an official receipt, posted accurately to the inmate's canteen account, and deposited in the financial institution within two business days.
5. Select a sample of the lesser of twenty-five (25) or 10% of all Inmate Trust Fund disbursements obtained from the Inmate Trust Fund's general ledger detail and determine whether they were supported by an official receipt.
6. Select a sample of the lesser of twenty-five (25) or 10% of all work release/work force/home incarceration deposits obtained from the Trust Accounting Reports and determine whether they were supported by an official receipt and deposited within five business days of the money being received.
7. Select a sample of the lesser of twenty-five (25) or 10% of all fees charged to the Inmate Trust Fund and determine whether the appropriate fees were calculated and deducted from the Inmate Trust Fund weekly.
8. Select a sample of the lesser of twenty-five (25) or 10% of all prisoner housing reimbursement receipts obtained from the Reimbursement of Prisoner Cost general ledger detail and determine whether the payment was supported by an appropriate billing, deposited within two business days of receipt, and the prisoner housing agreement is evidenced by a formal contract.
9. Select a sample of the lesser of twenty-five (25) or 10% of all inmate medical co-payment

charges obtained from the general ledger detail and determine whether those charges were supported by a Medical Charge Sheet and whether they were deducted from the Inmate Trust Fund.

10. Obtain the general ledger chart of accounts and determine whether a separate general ledger account exists for forfeited property.

11. Select a sample of the lesser of twenty-five (25) or 10% of all forfeited property and select a sample of log entries and determine whether all required elements were tracked and all required notifications were made.

12. Select a sample of the lesser of twenty-five (25) or 10% of all sales of forfeited property and determine whether the proceeds from the sale were provided to the Director of Finance for deposit by the next business day after the sale.

13. Select a sample of the lesser of twenty-five (25) or 10% of all disbursements funded by the sales of forfeited property and determine whether such disbursements were supported by an appropriation approved by the local governing body.

14. Obtain the State Forfeited Property log and select a sample of the lesser of twenty-five (25) or 10% of all assets seized and determine whether they were reported to the Virginia Department of Criminal Justice Services (DCJS) within the required 21 days of seizure.

15. Select a sample of the lesser of twenty-five (25) or 10% of all cash receipts and determine whether the proceeds from the civil process/sheriff sale were deposited within two business days after the service and recalculate the commissions permitted to be deducted from the sales proceeds in accordance with the Code of Virginia, Section 15.2 1609.3.

16. Select a sample of two (2) monthly disbursements of County service fees remitted to the County Treasurer and determine whether they were remitted before the 10th day of the month next succeeding that in which the fees are collected.

17. We will obtain a sample of two (2) dates with civil process and dates with auction sales receipts and determine whether fees were appropriately calculated/determined, deposited timely, and remitted to the Commonwealth timely.

18. We will obtain the Jail Canteen Activity Report and reconcile the revenue and expenses in the report to the general ledger.

February 28, 2025

Non-Binding Cost Estimates

Dear Selection Committee Members:

On behalf of Cherry Bekaert LLP (the “Firm”), we are pleased to submit our non-binding cost estimates to continue to serve the County of Henrico, Virginia and its component units (i.e., County School Board of Henrico County, Virginia and the James River Juvenile Detention Commission), collectively hereafter referred to as the “County”, by providing financial and compliance audit and attestation services for the fiscal years ending June 30, 2025 through 2027, with a County option for two (2) additional years.

We are excited about this opportunity to continue our service to the County and confirm that Cherry Bekaert continues to possess the resources, personnel, and commitment to the County and the Commonwealth’s public sector to provide the high-quality audit services you deserve, both today and in the future.

The Firm knows that the County continues to need a service provider who understands both the County’s past and its plans for the future, as well as the changing landscape facing the public sector; therefore, we offer industry-leading resources, personnel, and experience serving not only the County, but nearly 200 other governmental entities, combined with an unmatched commitment to the County, the Commonwealth and the public sector as a whole. Since beginning our service to the County in 2020, we believe we have established trusted relationships based on value given and received. We are fully committed to extending our mutually beneficial relationship and will continue to invest time to understand you, deliver value added audit and attestation services, and serve as your trusted advisor.

We also understand and appreciate the County’s desire for professional service providers who are not only highly qualified, but who are also cost-conscious and cost-effective about the work they perform. We are mindful that cost is always a consideration in selecting a professional services firm. Our fees are based on our best estimate of the tasks and hours to be incurred by our experienced engagement team. ***However, we do not want fees to be the dominant determinant in your selection process and would welcome the opportunity to discuss our non-binding cost estimate should you have any questions or suggested modifications.*** In developing our non-binding cost estimates, we made the following presumptions:

- ▶ Our estimates are based on no material changes in the County’s operational (e.g., systems), regulatory (e.g., Virginia law) or reporting (e.g., GASB) environments. If at any time such material changes do occur, we would like the opportunity to discuss the impact, if any, on the scope of our audit and any corresponding costs.
- ▶ Our proposed fees for fiscal year 2025 services, as outlined in the Request for Proposal (“RFP”), consistent with our prior contract and section V (EE) of the RFP, is 2.9% (CPI) higher than our 2024 services, inclusive of all travel and administrative expenses. As requested in **Attachment A**, we have provided our fee estimate table without Internal Audit Department’s 300 hours of audit assistance. For fiscal year 2026 and 2027, and any subsequent renewal years, our base fee will be determined as provided for within section V (EE) of the RFP.
- ▶ Our fee is based on the Single Audit requiring ten (10) major programs to be compliant with the Uniform Guidance audit and reporting requirements. If the major program coverage is insufficient in any year, we would like to discuss an incremental fee, not to exceed \$7,130 per program, per Federal program over ten (10).
- ▶ As requested in **Attachment B**, we have provided our proposal Exceptions in Word.
- ▶ We are committed to providing eight (8) hours of CPE annually, designed specifically to meet the needs of the County and its employees, at no cost to the County.

As it was on day one of our contract, we consider it an honor to work with the County. Based on our prior service, we believe Cherry Bekaert is the only service provider fully capable of meeting your current and future needs. If you have questions about this non-binding cost estimate, or require additional information, please feel free to contact me directly, as an authorized representative of the Firm, at (804) 647-8836 or electronically at rchurchman@cbh.com.

Sincerely,



Robert H. Churchman, CPA, CGFM

Partner, Cherry Bekaert LLP

Partner, Cherry Bekaert Advisory LLC

DRAFT FOR REVIEW

| Pricing Schedule – Without Internal Audit Department Assistance | |
|---|--|
| Provide non-binding estimates of costs to conduct the fiscal year ending 2025 audit. Fees to include all travel and administrative expenses. | |
| Tasks | Total Price |
| <p>County and School includes:</p> <ul style="list-style-type: none"> • Basic financial statement audit to include all funds and accounts of the County and Schools. • Audit of compliance with the Commonwealth of Virginia's Auditor of Public Accounts' (APA) Specifications. • Comparative Cost Report agreed-upon procedures in compliance with the APA' specifications. • Audit of compliance with Federal grant requirements and other requirements per the Uniform Guidance, including letter on compliance and internal control. Includes ten (10) major Federal programs in the base contract fee and fee for additional programs requiring audit that exceed base contract. • Financial Assurance for Solid Waste Disposal Facilities. • Required Auditor of Public Accounts' Sheriff's Office agreed-upon procedures. | <p>\$ 372,160</p> <p>Ten (10) programs; not to exceed \$7,130 per program over ten (10)</p> |
| Examination of Virginia Retirement System (VRS) census data | \$ 6,505 County, \$ 6,505 Schools |
| Audit of the Sherriff's Office Canteen Fund and Inmate Fund | \$ 14,740 |

Consistent with prior services, we will bill using the following schedule:

| | |
|-------------|-----|
| July 1 | 20% |
| August 1 | 20% |
| September 1 | 20% |
| October 1 | 30% |
| Completion | 10% |

Tab 7 – Exceptions

As with any contractual relationship, Cherry Bekaert's desire to enter into a contract with the County is based on reaching a mutually positive negotiation of terms and conditions. After reviewing the RFP, we would like to offer some alternative language for your consideration.

| RFP Section | Desired Exception/Revision |
|--|--|
| V(F)(1) Termination by County | Cherry Bekaert requests rights to terminate for cause or for convenience upon 60 days written notice. |
| V(F)(2)(d) Termination by County | d. An equitable adjustment in the Contract price shall be made for unpaid services satisfactorily rendered and goods satisfactorily delivered before the date the Successful Offeror receives the notice of termination minus the County's cost to complete the Successful Offeror's work. The Successful Offeror shall not be entitled to payment for services rendered or goods delivered after the date the Successful Offeror receives the notice of termination or for reimbursement of any cost the Successful Offeror incurs after the date the Successful Offeror receives the notice of termination. If the County's cost to complete the Successful Offeror's work exceeds the unpaid balance due to the Successful Offeror, the County will not owe the Successful Offeror any money; instead, the Successful Offeror shall pay to the County the difference between the unpaid balance due and the County's cost to complete the work. |
| V(N) Indemnification | The Successful Offeror agrees to indemnify, defend, and hold harmless the County (including Henrico County Public Schools) and the County's officers, agents, and employees ("Indemnified Parties") from any damages, liabilities, and costs, including attorneys' fees, arising from any claims, demands, actions, or proceedings made or brought against one or more of the Indemnified Parties by any person, including any employee of the Successful Offeror, related to the Successful Offeror's negligent provision of the services, breach of contract or violation of law provision of any services, the failure to provide any services, or the use of any services or materials furnished (or made available) by the Successful Offeror, provided that such liability is not attributable to the sole negligence of the County. Provided, however, that the maximum aggregate liability of Successful Offeror with respect to the Contract shall not exceed the sum of five million dollars (\$5,000,000.00). |
| V(S)(1) and (2) Record Retention and Audits | <p>1. The Successful Offeror shall retain, during the performance of the Contract and for a period of five years from the completion of the Contract, all records pertaining to the Successful Offeror's proposal and any Contract awarded pursuant to this Request for Proposal. Such records shall include but not be limited to all paid vouchers including those for out-of-pocket expenses; other reimbursement supported by invoices, including the Successful Offeror's copies of periodic estimates for partial payment; ledgers, cancelled checks; deposit slips; bank statements; journals; Contract amendments and change orders; insurance documents; payroll documents; timesheets; memoranda; and correspondence. Such records shall be available to the County on demand and without advance notice upon reasonable written advance notice during the Successful Offeror's normal working hours.</p> <p>2. County personnel may perform in-progress and post-audits of the Successful Offeror's records as a result of a Contract awarded pursuant to this Request for Proposals. Files would be available on demand and without notice upon reasonable advance written notice during normal working hours.</p> |

Proposal for Audit Service

County of Henrico, Virginia

December 11, 2024 | RFP 24-2773-10EMF

Rob Churchman, CPA, CGFM

Partner, Cherry Bekaert LLP

Partner, Cherry Bekaert Advisory LLC

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Tab 1 – Introduction and Signed Forms

Cover Letter

Cover Letter – On company letterhead, signed by a person with the corporate authority to enter into contracts in the amount of the proposal.

December 11, 2024

Eileen M. Falcone, CPPB - Purchasing Manager
County of Henrico, Virginia
8600 Staples Mill Road
Henrico, VA 23273

Re: RFP No. 24-2773-10EMF Audit Services

Dear Ms. Falcone and Selection Committee Members:

Thank you for the opportunity to submit this proposal to continue providing professional audit and attestation services to the County of Henrico, Virginia (County). Cherry Bekaert LLP (Cherry Bekaert or the Firm) knows that you need a service provider who understands both the County's past and its plans for the future, as well as the changing landscape facing the public sector; we offer industry-leading resources, personnel, and experience auditing nearly 200 governmental entities, combined with an unmatched commitment to the County, the Commonwealth of Virginia and the public sector as a whole. Since the beginning of our service to the County in 2020, we believe the Firm has established trusted relationships based on value given and received. We are fully committed to extending our mutually beneficial relationship and will continue to invest time to understand you, deliver value added audit and attestation services, and serve as your trusted advisor for questions and concerns as they arise. We remain dedicated to continuing the high-quality audit and attest services for years to come, as well as helping the County:

- ▶ Ensure **on-time and compliant report completion** by incorporating robust pre-planning, significant interim work, technology solutions and proven government auditing procedures, making our audit process **efficient and easy-to-navigate**.
- ▶ Implement new Governmental Accounting Standards Board's (GASB) Statements and maintain compliance with new/changing guidance.
- ▶ **Assess regulatory changes through year-round discussion**, offering expertise and sharing lessons learned through compelling thought leadership and custom Continuing Professional Education (CPE) offerings, such as our Annual Government Seminar.
- ▶ **Improve ease of use** through comprehensive service plans, remote auditing, integrated Information Technology specialists and direct access/knowledge of systems.
- ▶ **Meet the Government Finance Officers Association's (GFOA) certificate program award criteria** by maintaining high-quality Annual Comprehensive Financial Report (ACFR) review services to the County.

As the largest government practice in the Commonwealth of Virginia, Cherry Bekaert's strategic laser focus allows our professionals to concentrate only on governmental accounting and auditing, delivering the valuable experience our clients expect from us. With multiple offices in Richmond, Tysons, and Virginia Beach, our Commonwealth's team of over 425 Cherry Bekaert professionals and staff live, play, raise families, and pay taxes as Virginia residents. They contribute leadership, funding, and hours to numerous service-based organizations focused on keeping their communities the best in the Commonwealth.

We are excited about this opportunity to continue our service to the County and our proposal demonstrates and confirms that we have the resources, personnel, and commitment to both the County and the Virginia public sector by providing the audit services at the high level of quality you have experienced and deserve. Our proposal also demonstrates the value-added, experienced service we will continue to bring to the County and highlight the extensive public sector qualifications of our proposed team.

Continuity of Service

Our previous service to the County is invaluable when considering the services requested by the County, as it eliminates the inevitable disruption and learning curve associated with a change in external auditors, while addressing any worries about the costs, risks, and efforts associated with a transition to a new auditor. We strongly believe that Cherry Bekaert continuing as your auditor provides the best of both worlds – an intricate knowledge of your operations and audit preferences, as well as a “fresh eye” approach to each year’s audit through our audit planning, execution, and engagement team make-up. While other firms may offer to discount their first-year audit or set-up fees as part of a lengthy “getting to know you” stage, choosing the continuity of Cherry Bekaert’s service allows the County to bypass any orientation phase completely. After all, *your time is valuable*. Our open, respectful, professional relationship with the County’s management and staff, along with our familiarity of your systems, enables our team to control overall project cost while optimizing engagement efficiency. We will conduct our audit and attestation fieldwork with minimal disruption of your staff’s daily routines, while accomplishing the tasks necessary to successfully meet your expectations and audit completion deadline.

Public Sector Experience

With extensive knowledge of the methods and techniques applicable to public sector auditing, we are one of the largest providers in the state and local audit, accounting and attestation space, serving clients around the nation. In fact, public sector services comprise the largest industry segment among our client base, representing more than 25 percent of our Firm’s total business by **providing targeted, risk-based, effective government auditing and assurance services to nearly 200 counties, municipalities, public authorities, and school districts, ranging in size from \$2 million to \$9 billion**. This includes expertise and operational knowledge gained by serving 40+ government entities across the Commonwealth annually to include, in addition to the County, serving the Counties of Chesterfield, Fairfax, James City, Loudoun, and Prince William, as well as the Cities of Chesapeake, Hampton, Newport News, Suffolk, and Virginia Beach, in addition to their component units and related entities. This considerable list underscores the trust and respect we have earned through our proven track record of throughout Virginia. As the County has experienced, using a digital approach with data-driven practices increases our audit efficiency enabling our client’s managers and leaders to better focus on their mission and delivering results to constituents.

Depth of Local & Industry Resources You Deserve

The County provides excellent service to its citizens and customers. Cherry Bekaert shares the County’s commitment to service, as we have a long history of providing high quality service to public sector entities throughout the Commonwealth. You will continue to have access to all of the resources of one of the largest CPA firms in the United States, while being served by a locally based Virginia team. Our team offers the County an unmatched depth of practical knowledge in the effective application of current standards, not only those of the GASB, U.S. General Accounting Office’s *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Commonwealth of Virginia’s Auditor of Public Accounts’ *Specifications for Audits of Counties, Cities and Towns* (APA Specs), but also new reporting rules and standards, both known (e.g., compensated absences) and unknown (e.g., changes to revenue and expense accounting).

In addition to traditional audit and attestation services, we provide our client's other requested services related to bond offerings, indirect cost allocation services, performance audits, agreed-upon procedures, internal control reviews, information technology reviews, cyber security reviews and strategic management services. We combine our past performance and lessons learned with a critical mass of public sector experienced auditors and advisors to continue to enhance our mutually-beneficial relationship with the County. It is this level of high quality, responsive service that we will still provide to the County.

Primary Contact & Conclusion

Through our 77 years serving the public sector, we have learned that an impressive reputation and client base is only as meaningful as the answer to this simple question – *How is your service from Cherry Bekaert?* A negative answer to this question is indicative of a shrinking client list. Whereas a positive answer is driven by a firm that consistently meets or exceeds client expectations with high quality, timely and cost-effective audit and advisory services. Frankly, we think the answer to **Why ?** is quite obvious. Simply put, we appreciate and value your business and it is this level of quality service that we will bring to the County and is why we are excited about the opportunity to continue to serve you.

As it was on day one of our contract, we consider it an honor to serve with the County and we look forward to strengthening our relationship with you to achieve your current and future goals. We are dedicated to our clients through a passion to provide excellent professional services, while extending value at a fair fee. With Cherry Bekaert, you can rely on a Firm that meets its commitment to the highest level of quality service, a commitment that separates Cherry Bekaert from other firms.

Thank you again for this opportunity. I, Partner Rob Churchman, will serve as the County's primary contact during negotiations. If you have questions about this proposal or require additional information, please feel free to contact me directly as an authorized representative of the Firm with authority to negotiate all aspects of the scope of services and provisions on behalf of Cherry Bekaert.

Sincerely,

Cherry Bekaert



Robert H. Churchman, CPA, CGFM

Partner, Cherry Bekaert LLP

Partner, Cherry Bekaert Advisory LLC

P: 804.647.8836


E: rchurchman@cbh.com

Attachment A**Proposal Signature Sheet – Attachment A****ATTACHMENT A
PROPOSAL SIGNATURE SHEET**

My signature certifies that the proposal as submitted complies with all requirements specified in this Request for Proposal ("RFP") No. 24-2773-10EMF, Audit Service

My signature also certifies that by submitting a proposal in response to this RFP, the Offeror represents that in the preparation and submission of this proposal, the Offeror did not, either directly or indirectly, enter into any combination or arrangement with any person or business entity, or enter into any agreement, participate in any collusion, or otherwise take any action in the restraining of free, competitive bidding in violation of the Sherman Act (15 U.S.C. Section 1) or Sections 59.1-9.1 through 59.1-9.17 or Sections 59.1-68.6 through 59.1-68.8 of the Code of Virginia.

I hereby certify that I am authorized to sign as a legal representative for the business entity submitting this proposal.

| |
|--|
| LEGAL NAME OF OFFEROR (DO <u>NOT</u> USE TRADE NAME): Cherry Bekaert LLP |
| |
| ADDRESS: 200 South 10th Street, Suite 900 Richmond, VA, 23219 |
| |
| |
| FEDERAL ID NO: 56-0574444 |
| SIGNATURE:  |
| NAME OF PERSON SIGNING (PRINT): Rob Churchman |
| TITLE: Partner |
| TELEPHONE: (804) 673-5700 |
| FAX: (804) 673-4290 |
| EMAIL ADDRESS: rchurchman@cbh.com |
| DATE: December 11, 2024 |

Attachment B

Business Classification Form – Attachment B

ATTACHMENT B BUSINESS CATEGORY CLASSIFICATION FORM

Company Legal Name: Cherry Bekaert LLP

This form completed by: Signature: [Signature] Title: Rob Churchman, Partner

Date: December 11, 2024

PLEASE SPECIFY YOUR **BUSINESS CATEGORY** BY CHECKING THE APPROPRIATE BOX(ES) BELOW.

(Check all that apply.)

- ☐ SMALL BUSINESS
- ☐ WOMEN-OWNED BUSINESS
- ☐ MINORITY-OWNED BUSINESS
- ☐ SERVICE-DISABLED VETERAN
- ☐ EMPLOYMENT SERVICES ORGANIZATION
- ☒ NON-SWAM (Not Small, Women-owned or Minority-owned)

SUPPLIER REGISTRATION – The County of Henrico encourages all suppliers interested in doing business with the County to register with eVA, the Commonwealth of Virginia's electronic procurement portal, <http://eva.virginia.gov>.

eVA Registered? ☒ Yes ☐ No

If certified by the Virginia Minority Business Enterprises (DMBE), provide DMBE certification number and expiration date.

____ NUMBER

____ DATE

DEFINITIONS

For the purpose of determining the appropriate business category, the following definitions apply:

"Small business" means a business, independently owned and controlled by one or more individuals who are U.S. citizens or legal resident aliens, and together with affiliates, has 250 or fewer employees, or annual gross receipts of \$10 million or less averaged over the previous three years. One or more of the individual owners shall control both the management and daily business operations of the small business.

"Women-owned business" means a business that is at least 51 percent owned by one or more women who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest is owned by one or more women who are U.S. citizens or legal resident aliens, and both the management and daily business operations are controlled by one or more women.

"Minority-owned business" means a business that is at least 51 percent owned by one or more minority individuals who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals who are U.S. citizens or legal resident aliens, and both the management and daily business operations are controlled by one or more minority individuals.

"Minority individual" means an individual who is a citizen of the United States or a legal resident alien and who satisfies one or more of the following definitions:

1. "African American" means a person having origins in any of the original peoples of Africa and who is regarded as such by the community of which this person claims to be a part.

2. "Asian American" means a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands, including but not limited to Japan, China, Vietnam, Samoa, Laos, Cambodia, Taiwan, Northern Mariana Islands, the Philippines, a U.S. territory of the Pacific, India, Pakistan, Bangladesh, or Sri Lanka and who is regarded as such by the community of which this person claims to be a part.

3. "Hispanic American" means a person having origins in any of the Spanish-speaking peoples of Mexico, South or Central America, or the Caribbean Islands or other Spanish or Portuguese cultures and who is regarded as such by the community of which this person claims to be a part.

4. "Native American" means a person having origins in any of the original peoples of North America and who is regarded as such by the community of which this person claims to be a part or who is recognized by a tribal organization.

"Service disabled veteran business" means a business that is at least 51 percent owned by one or more service disabled veterans or, in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more individuals who are service disabled veterans and both the management and daily business operations are controlled by one or more individuals who are service disabled veterans.

"Service disabled veteran" means a veteran who (i) served on active duty in the United States military ground, naval, or air service, (ii) was discharged or released under conditions other than dishonorable, and (iii) has a service-connected disability rating fixed by the United States Department of Veterans Affairs.

"Employment services organization" means an organization that provides community-based employment services to individuals with disabilities that is an approved Commission on Accreditation of Rehabilitation Facilities (CARF) accredited vendor of the Department of Aging and Rehabilitative Services.

Attachment C**Virginia State Corporation Commission Registration Information – Attachment C**

ATTACHMENT C
Virginia State Corporation Commission (SCC)
Registration Information

The Offeror:

☒ is a corporation or other business entity with the following SCC identification number:
K000351-9 -OR-

☐ is not a corporation, limited liability company, limited partnership, registered limited liability partnership, or business trust -OR-

☐ is an out-of-state business entity that does not regularly and continuously maintain as part of its ordinary and customary business any employees, agents, offices, facilities, or inventories in Virginia (not counting any employees or agents in Virginia who merely solicit orders that require acceptance outside Virginia before they become contracts, and not counting any incidental presence of the Bidder in Virginia that is needed in order to assemble, maintain, and repair goods in accordance with the contracts by which such goods were sold and shipped into Virginia from Bidder's out-of-state location) -OR-

☐ is an out-of-state business entity that is including with this bid/proposal an opinion of legal counsel which accurately and completely discloses the undersigned Bidder's current contracts with Virginia and describes why those contracts do not constitute the transaction of business in Virginia within the meaning of §13.1-757 or other similar provisions in Titles 13.1 or 50 of the Code of Virginia.

Please check the following box if you have not checked any of the foregoing options but currently have pending before the SCC an application for authority to transact business in the Commonwealth of Virginia and wish to be considered for a waiver to allow you to submit the SCC identification number after the due date for bids: ☐

Attachment D**Proprietary/Confidential Information – Attachment D****ATTACHMENT D**
PROPRIETARY/CONFIDENTIAL INFORMATION IDENTIFICATIONNAME OF OFFEROR: Cherry Bekaert LLP

Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of Va. Code § 2.2-4342(F) in writing, either before or at the time the data or other materials are submitted. The Offeror must specifically identify the data or materials to be protected including the section(s) of the proposal in which it is contained and the pages numbers, and state the reasons why protection is necessary. A summary of trade secrets and proprietary information submitted shall be submitted on this form. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. Va. Code § 2.2-4342(F) prohibits an Offeror from classifying an entire proposal, any portion of a proposal that does not contain trade secrets or proprietary information, line item prices, or total proposal prices as proprietary or trade secrets. If, after being given reasonable time, the Offeror refuses to withdraw such classification(s), the proposal will be rejected.

| SECTION/TITLE | PAGE NUMBER(S) | REASON(S) FOR WITHHOLDING FROM DISCLOSURE |
|---------------|-------------------|--|
| N/A | N/A | N/A |
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Tab 2 – Statement of the Scope

In this tab, Offerors, in concise terms, shall state their understanding of the Scope of Services requested by this RFP in Section II.

Cherry Bekaert understands and commits to fulfilling all components detailed in Section II. Specifically, we understand this engagement includes auditing the financial statements of the governmental activities, the business-type activities and each major fund of the County in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA), as of and for the fiscal years ending June 30, 2025 through 2027. The contract may be renewed for two (2) additional one-year terms, subject to mutual agreement between the County and Cherry Bekaert.

In addition, Cherry Bekaert will continue to provide at least eight (8) hours of continuing professional education to County personnel with financial certifications at no additional charge.

Tab 3 – Default, Termination and Barred Certification Statement

Pursuant to Section VI, Items L(3), L(4) and L(5), in this tab, Offerors shall certify (i) that it has not defaulted on any government contract in the last five years, (ii) that no government has terminated a contract with the Offeror for cause in the last five years, (iii) that neither it nor any of its officers, directors, partners, or owners is currently barred from participating in any procurements by any federal, state, or local government body, and (iv) that it has not received a failing quality control review from the Auditor of Public Accounts. If any of the aforementioned certifications cannot be made, Offerors must explain in reasonable detail.

Cherry Bekaert confirms the following:

- ▶ The Firm has not defaulted on any government contract in the last five years.
- ▶ No government has terminated a contract with Cherry Bekaert for cause in the last five years.
- ▶ Neither the Firm, nor any of our officers, directors, partners, or owners are currently barred from participating in any procurements by any federal, state, or local government body.
- ▶ The Firm has not received a failing quality control review from the APA.

Tab 4 - Offeror Qualifications, Experience, and Financial Stability

In this tab, Offerors shall demonstrate the Offeror's and their staff's qualifications and experience in providing the services as requested in the Request for Proposal (RFP). If subconsultants are to be utilized provide documentation to what is being requested of the offeror.

About Cherry Bekaert

Ranked among the largest assurance, tax and advisory firms in the U.S., Cherry Bekaert provides guidance and support that helps our clients move forward to reach their organizational goals. "Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert Advisory LLC is not a licensed CPA firm. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide business advisory and non-attest services spanning the areas of transaction advisory, risk and accounting advisory, digital solutions, cybersecurity and tax. We exercise a deliberate curiosity to know our clients' industries and work collaboratively to create shared success. For more details, visit cbh.com/disclosure.

For more than 75 years, global corporations, public/private businesses and the public sector have relied on Cherry Bekaert to guide them forward. We provide digitally-driven, industry-aligned advisory, tax, and assurance services, leveraging practical knowledge and proven experience to design and deliver highly tailored solutions that help clients meet their financial, operational, and strategic goals and objectives. With multidisciplinary industry practices, Cherry Bekaert offers the full range of targeted accounting and advisory services you would expect from a firm serving the County.

Headquartered in Raleigh, North Carolina, Cherry Bekaert serves clients across industries in all 50 U.S. states and internationally. With more than 2,500 associates, we have the depth of experience and specialized talent to address any financial situation and offer the highest caliber of personal attention, responsiveness and accessibility that our clients expect and deserve. Cherry Bekaert provides a unique alternative to other national, regional, and local firms. **Clients choose us to be their professional services firm primarily because we provide the depth of knowledge, resources and experience of a national firm, but with a local firm's focus on service.** Our bench strength provides Cherry Bekaert the wealth of deployable resources needed to ensure your engagement is performed efficiently, accurately and on your schedule. Our experienced professionals know how to apply the best practices of accounting and business to the County and can offer guidance through rapid growth and times of accelerated change. Let us be **Your Guide Forward** by delivering on our commitments to superior client service through:

- ▶ **Attention to Detail and Quality:** Outstanding service qualifications amplified by our commitment to prioritize your business and provide practical and timely support
- ▶ **Efficient, Business-Practical Guidance:** High levels of senior level involvement, continuity of service professionals and expertise on a year-round basis
- ▶ **Value-Driven Relationships:** Streamlined, focused attention on your strategic, operational and financial objectives

| | | |
|---|---|---|
| <p>~\$585M+ CY2023 Pro Forma Net Fees</p> | <p>2500+ Employees Firmwide</p> | <p>170+ Partners</p> |
| <p>30+ Offices Serving Clients Across the U.S. and Internationally</p> | <p>75+ Years in Business</p> | <p>Ranked a Top U.S. Accounting Firm by Accounting Today and Inside Public Accounting</p> <p>Member of Allinial Global, the 2nd largest accounting and consulting association in the world, represented by over 261 fellow firms in 105 countries with a combined revenue of \$5.0 Billion</p> |



Vault Top Ranked Awards

- ▶ **Most Prestigious Accounting Firms**: Accounting professionals across the nation rank the prestige of the firms they compete against.
- ▶ **Vault Accounting 25**: The VAULT ACCOUNTING 25 is compiled using a weighted formula that reflects the issues accounting professionals care most about, combining quality of life rankings (such as culture, satisfaction, work/life balance, and compensation) with overall prestige.
- ▶ **2024 Best Accounting Firms for Audit & Assurance**: Accountants across the nation rate the top firms in their practice areas.

Accounting Today

- ▶ Top 100 Firms 2024
- ▶ Top Tax Firms 2024
- ▶ Regional Leaders 2024 - Southeast Region

INSIDE Public Accounting (IPA)

- ▶ **IPA Top 100 Firms 2024**

Government Auditing Experience

Government and public sector organizations are in an environment of accelerated change and greater expectations from the constituents they serve. From fluctuating budgets, new program demands, increasingly complex compliance restrictions, political uncertainty, economic changes, and the public need for greater access to services, we understand the distinct challenges state and local governments face.

Cherry Bekaert's Government & Public Sector (GPS) team has a deep understanding of the complex challenges federal, state and local governments face, and we focus on the areas of highest need to enable and improve the transparency, efficiency and effectiveness government. With extensive knowledge of the methods and techniques applicable to government auditing, we are one of the largest providers in the state and local audit and accounting space, serving clients around the nation; **we provide targeted, risk-based, effective government auditing and assurance services to nearly 200 municipalities, counties, public authorities/boards, school districts, and state agencies, ranging in size from \$2 million to \$9 billion.** Using a digital approach with data-driven practices, we increase audit efficiency and enable government managers and leaders to better focus on their mission and delivering results to constituents. In addition, we provide a wide range of advisory services to 110+ government and public sector clients, helping them manage effectively, efficiently and responsively. The experience gained through service to such a wide breadth and depth of public sector organizations provides us with invaluable insight into the issues and stresses impacting the County.

In the current environment, it is critical to have the right public sector service provider providing the proper technical guidance, reducing the demands on government staff and allowing entities to focus on their constituents. Many Cherry Bekaert team members have worked in government, helping us to better understand what you are trying to achieve and the obstacles and opportunities that may exist within your organization. Our professionals have held key positions for the American Institute of Certified Public Accountants (AICPA) and state and local committees. They attend and teach at conferences hosted by the GFOA, and the Association of Government Accountants (AGA).

Additionally, Cherry Bekaert is proud to partner with the National Academy of Public Administration (NAPA) to promote best practices and address the critical challenges faced by today's government leaders at the local, state and federal levels. In partnership with NAPA, our professionals provide training, consulting and research services to public sector organizations to improve their performance and strengthen the relationship between governments and citizens, focused on four critical areas: trust in government, grants management, working capital fund management and key principles of cost management. Working with NAPA, we are proud to help improve fiscal management practices in government and promote a more effective and efficient public sector.

"The Academy is dedicated to making government work, and work for all. Trust is the cornerstone of our public institutions, and through this partnership with Cherry Bekaert, we aim to increase trust in government at all levels by addressing some of the most pressing challenges faced by public agencies today. Our combined expertise will pave the way for more effective governance." - Terry Gerton, Academy President and CEO

Addressing New Accounting, Reporting, Compliance, and Audit Requirements

Over the years, we have assisted our clients with GASB pronouncement implementation, providing research and advice to resolve many complex accounting issues, including:

- ▶ Assisting with analysis and implementation of the accounting and reporting aspects for pensions (GASB #67 and #68) and other postemployment benefits (GASB #74 and #75)
- ▶ Assisting with the analysis of fiduciary activities (GASB #84)
- ▶ Assisting with analysis of the accounting and reporting aspects of lease and SBITA accounting (GASB #87 and #96)
- ▶ Assisting clients, including early adopters, with implementing GASB #101, *Compensated Absences*, due for fiscal year 2025 reporting

We typically meet with our clients during engagement planning and throughout fieldwork to discuss new pronouncements and issues surrounding implementation. We are very proactive in follow-up communication to derive appropriate solutions in the planning stages. Our knowledge of GASB requirements is complemented by our willingness to invest necessary time and resources, including appropriate consultation. Cherry Bekaert is also proud to be one of only two firms nationally to have provided a professional from our government team to serve on the last two-year GASB fellow program rotation, working with GASB on technical matters. As a GASB fellow, Scott Anderson, a Director from our GPS audit practice, was on the forefront of evolving standards currently contemplated. Since GASB is considering significant changes to financial reporting and presentation, Scott's involvement provides unique insights we can share with our clients.

Your engagement team offers an unmatched depth of knowledge in current GASB requirements, as well as future reporting standards such as:

- ▶ GASB #101 – Compensated Absences
- ▶ GASB #102 – Certain Risk Disclosures
- ▶ GASB #103 – Financial Reporting Model Improvements

New standards can have a significant impact on the County's reporting, so we offer assistance in many areas, including:

- ▶ General diagnostic discussion with management
- ▶ Consultation and interpretive guidance, including GASB interpretations
- ▶ Checklists and other tools for compliance
- ▶ Assistance in identifying additional reports and data needed
- ▶ Review of your management's policies and practices applicable to specific pronouncements

Single Audits under Uniform Guidance

Between 2019 and 2023, we performed compliance audits over more than 4,750 major programs, covering billions of dollars of Federal and State grants annually. We often communicate with federal and state agencies during our planning process to ensure we have the most recent regulatory requirements and to ensure we are familiar with any communications or monitoring that have been conducted in association with our clients that may influence the extent and nature of our procedures. We will perform the required Single Audit procedures in accordance with the Uniform Guidance. For major programs, we will test the accounting and administrative internal control systems in place over your federal and state programs. We will also test all major programs for compliance with specific and general grant requirements.

Thought Leadership

The field of governmental accounting and financial management is dynamic for both you and your external auditors. Pronouncements from the following bodies all have significant impact on this sector:

- ▶ APA (creating new compliance demands)
- ▶ GASB (altering internal accounting and external reporting)
- ▶ AICPA (modifying audit standards and procedures)
- ▶ OMB (creating new compliance demands associated with the expenditure of Federal funds)

We consider the training of our professionals to be extremely important to best meet the evolving needs of our profession and provide the highest quality of service to our clients. Furthermore, we are dedicated to the continuing education of our clients and the greater Public Sector community. We offer webinars (<http://www.cbh.com/events/>) and seminars throughout the year, including the local chapters of the GFOA. It is this commitment to education and leadership of the public sector that has set us apart from other firms. Our professionals teach for the AICPA, GFOA and various other state and local government organizations. CPE topics we have provided to our clients and organizations in the past include:

- ▶ GASB and/or Uniform Guidance Update
- ▶ Evolution of Internal Control
- ▶ Behavioral Ethics
- ▶ Grant Administration Controls and Fraud Risks
- ▶ Risk Assessment topics
- ▶ Current Information Technology hot topics
- ▶ What's Your Fraud I.Q.?
- ▶ Coronavirus Relief Funds - Financial and Single Audit Considerations

Additionally, Cherry Bekaert's Government Services Blog (<http://www.cbh.com/industries/government/>) helps keep our governmental clients up to date on vital business and financial information.

GFOA Certification Reporting

The GFOA *Certificate of Achievement for Excellence in Financial Reporting* is highly recognized as the epitome of financial accountability and quality reporting. As a firm, we have provided support in obtaining and maintaining the certification to more than 75 governments, with several of our partners/directors participating in the program as certificate reviewers.

As with all of our GFOA submitting entities, we will assist you in any way necessary to help you continue to receive this award every year. Before issuance of our audit reports, we will review the County's ACFR in comparison to our Firm's standard governmental reporting checklist and the current GFOA reporting checklist to help ensure that the ACFR is in compliance with the certificate program requirements. We will also review any comments received from the GFOA from the most recent submission to ensure all matters are addressed appropriately.

Virginia Government Auditing Experience

Cherry Bekaert brings extensive understanding of accounting principles generally accepted in the United States of America (GAAP), auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards* and the requirements of the Uniform Guidance and APA Specs. We have a thorough knowledge of methods and techniques applicable to government auditing. Our ability to apply this knowledge is demonstrated by our extensive list of government clients, as well as by our clients' satisfaction with our work.

The experience gained through service (e.g., financial audits, control assessments, forensic audits) to such a breadth and depth of public sector organizations provides us invaluable insight into the issues and stresses affecting the County and your peers. In addition to serving the County as your auditor in recent years, our other current Virginia local government clients are included in the table below.

- ▶ Approximate Range of Governmental Funds' assets: \$100,000,000 - \$6,700,000,000+
- ▶ Approximate Range of Populations: 150,000 - 1,140,000+
- ▶ Typical Complexities: GASB requirements, Uniform Guidance, APA Specs, School Districts, and GFOA reporting

| Client | Years Served | Financial/ Single Audit | Schools | Public Utilities Major Fund | Pension/ OPEB Trust | Other Entities |
|-----------------------------|---------------------------------------|----------------------------|---------|-----------------------------------|---------------------------|-------------------|
| Chesterfield County * \$ | 2015 – Present | ✓ | ✓ | ✓ | ✓ | ✓ |
| Fairfax County * \$ | 2016 – Present | ✓ | ✓ | ✓ | ✓ | ✓ |
| James City County * \$ | 2023 - Present | ✓ | ✓ | ✓ | ✓ | ✓ |
| Loudoun County * \$ | 2012 – Present | ✓ | ✓ | | ✓ | ✓ |
| Prince William County * \$ | 2011 – Present | ✓ | ✓ | | ✓ | ✓ |
| City of Chesapeake * \$ | 2008 – Present | ✓ | ✓ | ✓ | ✓ | ✓ |
| City of Hampton * \$ | 2008 – Present | ✓ | ✓ | ✓ | ✓ | ✓ |
| City of Newport News * \$ | 2004 – Present | ✓ | ✓ | ✓ | ✓ | ✓ |
| City of Suffolk * \$ | 2013 – Present | ✓ | ✓ | ✓ | ✓ | ✓ |
| City of Virginia Beach * \$ | 2003 – 2016, re-engaged in 2021 | ✓ | ✓ | ✓ | ✓ | ✓ |

* GFOA Certificate of Excellence recipient

\$ AAA/Aaa rated

a. Years in business**b. Years in business under present name**

Cherry Bekaert has been in business for more than 75 years, led by Harry Cherry. Charles Bekaert and William Holland joined the Firm in 1952 and 1953 respectively. In February 2013, Cherry Bekaert & Holland launched a strategic rebranding initiative under the new name of Cherry Bekaert LLP.

c. Resumes of the personnel who will be assigned to the audit. These resumes should include a description of the individuals' professional qualifications and experience in auditing local governmental entities similar in size to the County. If the individuals have no experience in auditing local governmental entities of similar size, the resume should clearly state so.

Team Qualifications

The Cherry Bekaert team responsible for the County's account brings specialized knowledge in the unique accounting, auditing and compliance issues you face. Each engagement team is handpicked for alignment with the special needs and considerations of clients like the County. We commit to provide timely and helpful responses to time sensitive questions; your engagement team is available to you year-round. We ensure frequent and direct access to the partners, directors and managers who maintain responsibility for the engagement, employing a high ratio of partners and senior managers to staff. This allows the Firm to staff and supervise engagements with a higher level of experienced staff than most firms.

Account Management

The County deserves responsiveness, quick turnaround time, efficient management and the benefit of our professionals' experience applied and leveraged on your behalf. We use a "relationship partner" concept to maintain continuity of service over time and a proactive understanding of your business and service needs. Having a relationship partner means that one person is ultimately responsible for all aspects of all services provided to the County. The relationship partner has the overall responsibility for coordinating all services and ensuring that the County receives timely and innovative support and that your expectations are met or exceeded. The relationship partner can make decisions on the spot and call upon the resources of the Firm to meet the special needs of each client. Rob Churchman will serve as relationship partner for the County.

In addition to ensuring service quality and consistency, involvement of a relationship partner:

- ▶ Improves the effectiveness of the process and ensures compliance with our quality assurance system
- ▶ Integrates expertise and, through active participation and observations, allows us to identify opportunities to consult you on industry-related issues

The entire engagement team that serves the County will work together to share information, documents and what we all know about your business and service needs (goals, other relationships, delivery expectations, etc.). We will have periodic meetings with you to hear about your business and learn from them. This approach promotes stability by effectively sharing knowledge and collaboratively developing engagement solutions, including timelines, standard checklists and involving specialized resources.

Engagement Team Biographies

Our proposed core team members, consistent with prior years, are listed below, and their resumes follow.

| Engagement Team Member & Title | Engagement Role |
|---------------------------------------|------------------------|
| Robert Churchman, CPA, CGFM – Partner | Audit Service Partner |
| Laura Harden, CPA – Director | Audit Quality Reviewer |
| Tyler Howell, CPA – Senior Manager | Audit Senior Manager |
| Robert Warner, CPA – Senior Manager | Audit Manager |
| Samantha Boyce, CISA – Manager | IT Manager |
| Malav Sheth, CPA, MBA – Partner | Technical Resource |
| Scott Anderson, CPA – Director | Technical Resource |

All of our proposed key professionals assigned to the contract are properly licensed to practice as certified public accountants in the Commonwealth of Virginia.



Robert H. Churchman, CPA, CGFM

Partner, Cherry Bekaert LLP

Partner, Cherry Bekaert Advisory LLC

Assurance Services

VA-15638, DC-CPA702514

Rob has worked with public sector federal, state and local governments and not-for-profits since 1989. He serves as the Firm's Audit Leader in Virginia for the Government Services Group. He provides clients with a full range of audit and accounting services, including Single Audits. Throughout his career, Rob has served public sector organizations as a teacher and subject matter expert. He has served as a member of several related teams, such as the AICPA Other Post Employment Benefits task force, the Commonwealth of Virginia's Auditor of Public Accounts' GASB #34 and #45 task forces and the VSCPA Government Issues Task Force. Rob is also an approved reviewer for the AICPA Peer Review Program and a GFOA *Certificate of Excellence in Financial Reporting* program reviewer. Prior to joining Cherry Bekaert, Rob was the Public Sector Partner in Virginia for a Big Four accounting firm. In this role, he managed multi-faceted, multi-component engagements for high-profile public sector clients throughout the Commonwealth of Virginia and the District of Columbia. Rob was also a key member of the firm's national public sector and quality control infrastructure systems, participating in key audit methodology, client service product development and quality review teams. Rob has more than 40 hours of relevant continuing education during each of the last three years as required by *Government Auditing Standards*.

Education

BBA, James Madison University

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ Virginia Society of Certified Public Accountants
- ▶ National and Virginia chapters of the Government Finance Officers Association
- ▶ Association of Government Accountants

Relevant Experience

County and Components

- | | | |
|----------------|--------------|------------|
| ▶ Henrico | ▶ Fairfax | ▶ Loudoun |
| ▶ Arlington | ▶ Hanover | ▶ Roanoke |
| ▶ Chesterfield | ▶ James City | ▶ Stafford |

City and Components

- | | | |
|----------------|--------------|------------------|
| ▶ Chesapeake | ▶ Norfolk | ▶ Suffolk |
| ▶ Hampton | ▶ Portsmouth | ▶ Virginia Beach |
| ▶ Newport News | ▶ Richmond | |

Other Public Sector Entities

- ▶ Economic Development Authorities: Henrico, Suffolk, Chesterfield, Fairfax, Richmond, Newport News
- ▶ Greater Richmond Convention Center Authority
- ▶ Richmond Metropolitan Transportation Authority
- ▶ Virginia Department of Rail and Public Transportation
- ▶ Virginia Investment Pool ("VIP") Trust Fund

**Laura Harden, CPA**

Director, Cherry Bekaert LLP

Director, Cherry Bekaert Advisory LLC

Assurance Services

VA-37079

As an Audit Director in the Firm's Virginia Beach office, Laura focuses her practice on meeting the audit needs of entities in the public sector. She provides audit and attest services to not-for-profit organizations and governments, and has advised some of the largest counties, cities, school boards, authorities, and commissions in the Commonwealth of Virginia.

Since 2008, Laura has specialized in attestation services for the public sector, including financial audits, agreed-upon procedures, and single and compliance audits, as well as risk assessment procedures and internal control testing for various types of entities. Laura also specializes in providing state and local government entities with financial statement audits in accordance with *Government Auditing Standards* (including Uniform Grant Guidance) to ensure compliance with Virginia and Federal laws, regulations, contracts and grants.

Laura is a member of the American Institute of Certified Public Accountants and the Virginia Society of Certified Public Accountants.

Laura has more than 40 hours of relevant continuing education during each of the last three years as required by *Government Auditing Standards*.

Education

BBA in Accounting, James Madison University

MS in Accounting, James Madison University

Relevant Experience:County/City and Components

- ▶ Henrico
- ▶ Fairfax
- ▶ James City County
- ▶ York
- ▶ City of Chesapeake
- ▶ City of Hampton
- ▶ City of Suffolk
- ▶ City of Virginia Beach
- ▶ Chesapeake Bay Bridge and Tunnel District

**Tyler Howell, CPA****Senior Manager, Cherry Bekaert LLP****Senior Manager, Cherry Bekaert Advisory LLC****Assurance Services****VA-47436**

Tyler has been with the firm for six years. As an Assurance Senior Manager in Cherry Bekaert's Richmond Practice, Tyler performs and assists in all phases of the review and audit process including engagement planning and management, designing and reviewing assigned audit procedures, and ensuring timely deliverables of client reports and financials.

Managing a wide range of clients across several industries, Tyler takes pride in the relationships that he has built with his clients. He strives to understand his client's needs and devise solutions to create an exceptional audit experience every step of the way.

Tyler has more than 40 hours of relevant continuing education during each of the last three years as required by *Government Auditing Standards*.

Education

B.B.A. in Business, Accounting and Minor in Computer Information Systems, James Madison University

Master of Science in Accounting, James Madison University

Specialties/Areas of Expertise

- ▶ Real Estate & Construction
- ▶ Professional Services
- ▶ Private Equity
- ▶ Industrial Manufacturing
- ▶ Government & Public Sector

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ Virginia Society of Certified Public Accountants

Relevant Experience

- ▶ County of Henrico and Schools
- ▶ County of Hanover and Schools
- ▶ County of Chesterfield and Schools
- ▶ Richmond Public Schools

**Robert Warner, CPA****Manager, Cherry Bekaert LLP****Assurance Services**

Robert started his career in 2017 with Cherry Bekaert before spending three years in a financial reporting role for a private company. He returned to Cherry Bekaert in May 2023 where he manages a wide variety of clients across various industries, including manufacturing, construction, governments, and technology. He has performed all phases of financial audits, including engagement planning, performance of audit testing, supervision of other staff and report writing.

Robert strives to build relationships with his clients and understand their business processes in order to provide relevant solutions in an efficient manner. He seeks to leverage his experience on both sides of an audit to better understand client concerns and provide practical valued-added results.

Robert has more than 40 hours of relevant continuing education during each of the last three years as required by *Government Auditing Standards*.

Education

B.S. Accounting, Liberty University

Areas of Expertise

- ▶ Government & Public Sector
- ▶ Industrial Manufacturing
- ▶ Construction
- ▶ Technology
- ▶ Professional Services

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants

Relevant Experience

- ▶ County of Henrico and Schools
- ▶ County of Chesterfield
- ▶ County of Fairfax
- ▶ City of Newport News
- ▶ City of Roanoke
- ▶ City of Salem
- ▶ Greater Richmond Convention Center Authority

**Samantha Boyce, CISA****Manager, Cherry Bekaert Advisory LLC****Risk Advisory Services**

Samantha has experience leading IT Audits, predominantly in SOX compliance, assessing internal controls, and performing testing of IT general controls/application controls.

Prior to joining Cherry Bekaert, Samantha worked in the financial services industry under the Internal Audit umbrella and has Big Four accounting experience within the Risk Advisory practice.

Education

BBA, Management Information Systems - University of Oklahoma

Professional Involvement

- ▶ Tulsa Chapter Board Member, Information Systems Audit and Control Association (ISACA)

Areas of Expertise

- ▶ SOX 404 and SOC1
- ▶ IT General Controls (ITGCs)
- ▶ IT Audit
- ▶ IT Risk Assessments
- ▶ Application Controls

Relevant Experience

- ▶ Kentucky Auditor of Public Accounts
- ▶ Bronxville Union Free School
- ▶ Santee Cooper
- ▶ Verona Pharma
- ▶ Cannae Holdings
- ▶ Covenant Logistics



Malav Sheth, CPA, MBA

Partner, Cherry Bekaert LLP

Partner, Cherry Bekaert Advisory LLC

Assurance Services

MD-37440, VA-53782, CA-95774

As a Partner in Cherry Bekaert's Assurance practice, Malav leverages 15+ years of progressive accounting and auditing experience to guide public sector clients. He specializes in auditing large and complex state and local government organizations, including, finance authorities, securitization corporations, port authorities, municipal utilities, school systems and federally funded entities. He has assisted public sector entities with a variety of critical issues related to internal controls, policies and procedures manuals, GASB compliance, and emerging and financial accounting and reporting issues. He also has significant experience with compliance auditing for organizations receiving substantial federal funding from many different agencies in accordance with Uniform Guidance.

Malav manages all phases of the audit process, including planning and design of the approach, supervision and review, preparation of management recommendations, financial reporting, timeline management, and leading presentations to Audit Committees and Boards of Directors. He also advises clients on accounting policies and technical issues and facilitates continuous client communication year-round .

Prior to joining Cherry Bekaert, Malav was an Assurance Partner at another leading accounting firm where he led audit teams and managed engagements for similar organizations.

Malav has more than 40 hours of relevant continuing education during each of the last three years as required by *Government Auditing Standards*.

Education

M.B.A. in Finance, Chapman University - California

B.S in Accounting, Gujarat University - India

Areas of Expertise

- ▶ Accounting Services
- ▶ Audit & Attestation
- ▶ Financial Accounting & Reporting
- ▶ Indirect Rates
- ▶ Internal Controls and Risk Assessment
- ▶ Not-for-Profit Accounting
- ▶ State & Local Government Accounting
- ▶ Uniform Grant Guidance

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ Greater Washington Society of Certified Public Accountants
- ▶ Government Finance Officers Association

Relevant Experience

- ▶ City of Newport News
- ▶ County of Fairfax
- ▶ County of Loudoun
- ▶ Government of the U.S. Virgin Islands
- ▶ Virgin Islands Public Finance Authority

**Scott Anderson, CPA****Director, Cherry Bekaert Advisory LLC****Government & Public Sector Advisory Services****NC-32398, FL-AC47907**

A licensed Certified Public Accountant in Florida and North Carolina, Scott has served the Firm's clients since 2005. As the Firm's public sector Technical Director, Scott advises clients and audit teams in all phases of financial reporting. He oversees engagement planning, performance of audit tests and report writing. Clients have sought Scott's knowledge in expertise on current technical developments in government accounting. Scott has extensive experience with Uniform Grant Guidance and the audit requirements of the governments in the states of Virginia, North Carolina, and Florida. He served in the GASB Practice Fellow Program for previous two-year rotation and returned to Cherry Bekaert with vast experience in financial standard setting. Scott was on the forefront of evolving standards; since GASB is currently considering significant changes to financial reporting and presentation, Scott's involvement provides us with unique insights and access to future developments.

He has also instructed at a number of external conferences and seminars, representing both the firm and the GASB, and webinars sponsored by the Firm on various technical GASB topics. Scott's professional involvement includes several committees and panels, including the Government Finance Officers Association Special Review Committee for several years, reviewing and providing feedback on annual financial statements from local governments from all over the United States.

Education

Master of Accounting, North Carolina State University

Bachelor of Arts, Utah State University

Professional & Civic Involvement

- ▶ American Institute of Certified Public Accountants
- ▶ AICPA State and Local Government Expert Panel Member
- ▶ Florida Institute of Certified Public Accountants
- ▶ Florida Government Finance Officers Association
- ▶ GFOA Special Review Committee
- ▶ GASB Fellow Program
- ▶ Leadership Tampa Bay

Relevant Experience

- ▶ Henrico
- ▶ Chesterfield County
- ▶ Fairfax County
- ▶ Hanover County
- ▶ James City County
- ▶ Prince William County

Include in each resume the individual's commitment to other local government audit engagements.

As evidenced by review of our resumes, we are currently committed to perform similar engagements for many public sector clients throughout Virginia. However, the County will continue to have a dedicated team committed to your engagement and meeting your timelines. We place careful consideration when deciding team assignments to make sure our personnel have the necessary availability to complete the respective services. Workloads are dictated by a client's fiscal year and prioritized based on annual reporting deadlines. With 200+ GPS professionals within the Firm experienced and trained to serve the public sector, the County can be confident we have ample capacity to serve you.

d. The name, position and telephone number of the contact person or persons authorized to conduct negotiations and discuss this proposal.

| | |
|-------------------------|--|
| Name | Rob Churchman, CPA, CGFM |
| Position | Partner |
| Telephone Number | C: 804.647.8836 O: 804.673.5700 |
| Email | rchurchman@cbh.com |

e. The firm is independent of the County of Henrico as that term is defined in the Ethical Rules of the American Institute of Certified Public Accountants and the Government Auditing Standards.

Cherry Bekaert is independent of the County, in accordance with the Code of Professional Ethics of the AICPA and *Government Auditing Standards*, and will comply with all Federal, State and Local laws and regulations in the performance of this engagement. Our client independence is verified annually and monitored by our in-house counsel and our professional practices group during the annual evaluation of continuance of client relationships.

Furthermore, we are not aware of any existing or potential relationships between Cherry Bekaert and the County or its employees that could impair our independence and objectivity. Prior to entering into an engagement for any professional services, including advisory services, we evaluate the implications of any proposed services to an attest client will have on independence, in fact and in appearance. In addition, all professional staff assigned to your engagement must reaffirm their independence prior to the conclusion of the engagement. We communicate to our clients all conclusions with respect to the independence at the beginning and end of each engagement.

Should the County engage us to perform audit services, we will always establish strict guidelines for what the firm can and cannot do under the applicable independence rules that apply to the industry and service; however, in most cases we are able to provide the level of service desired by our clients while maintaining strict independence.

f. The firm and the partner assigned to the engagement are licensed to perform the audit as provided by applicable laws of the Commonwealth of Virginia.

Cherry Bekaert LLP, its partners, directors, and associates, are appropriately licensed to perform the audit/attest procedures required by the County as provided in the applicable laws of the Commonwealth of Virginia and by the laws of other states in which we provide services. Our State Corporation Commission # is K000351-9.

Commonwealth of Virginia



State Corporation Commission

I Certify the Following from the Records of the Commission:

On October 08, 1999 an application for registration as a limited liability partnership was filed in this office by CHERRY BEKAERT & HOLLAND, L.L.P.

Nothing more is hereby certified.



*Signed and Sealed at Richmond on this Date:
April 11, 2007*


Joel H. Peck, Clerk of the Commission

CIS0353

g. The firm has met the peer review standards of the American Institute of Certified Public Accountants and Government Auditing Standards.

Peer Review

Cherry Bekaert has passed, without exception, 15 consecutive peer reviews conducted under the auspices of the AICPA. A copy of our most recent peer review report as well as the acceptance letter from the AICPA is included in Tab 6 – *References*, as requested. The review included a number of specific engagements for which Single Audit and Government Auditing Standards apply.

The Firm is a member of the AICPA's SEC Practice Section and Private Companies Practice Section of the Division for CPA Firms and practices under the AICPA-recognized quality control program. Selected Firm professionals are approved by the AICPA to perform peer review, quality assurance review and consulting review of other CPA firms' quality assurance programs. Firm leaders and partners in charge of industry practice areas maintain vital links to policy-making bodies in public accounting. Our personnel committee assignments and industry associations include (but are not limited to):

- ▶ Accounting Standards Executive Committee
- ▶ AICPA Professional Ethics Committee
- ▶ AICPA Auditing Standards Organization
- ▶ AICPA Accounting and Review Services Committee
- ▶ AICPA Technical Issues Committee, Private Companies Practice Section
- ▶ AICPA Tax Division and its Individual Taxation Subcommittee
- ▶ AICPA SEC Practice Section Executive Committee
- ▶ AICPA Accounting Practice Committee

Virginia APA Review Report

As part of the APA's standard quality review program, Cherry Bekaert's public sector team is reviewed every three (3) years for audit quality, completeness of audit procedures performed and compliance with APA standards. Cherry Bekaert's audit of Hampton Roads Sanitation District, as of and for the year ended June 30, 2023, was reviewed in 2024 and received an unmodified report – the highest grade permitted. A copy of our APA report is included in Tab 6 – *References*, as requested.

h. The firm will provide adequate supervision on a day-to-day basis.

As discussed throughout this proposal, the depth of our talent pool has allowed us to dedicate professionals to specific specialty industries. Each engagement team is handpicked for its balanced understanding of the challenges inherent throughout the public sector. This quality is ensured by the high ratio of partners and senior managers to staff. This staffing and service philosophy allows the Firm to staff and supervise engagements with a higher level of experienced staff than most firms. Accordingly, as requested and per Firm policy, we have and will continue to maintain adequate supervision of all staff on a day-to-day basis as we serve the County.

We also believe adequate supervision of the entire engagement is achieved through open and continuous communication – a factor that truly sets us apart. Through clear communication, we can discover not only your concerns as it relates to the audit, but also understand the County's operation and opportunities. In addition to pre-planned meetings, the day-to-day processes of the audit can be managed through Cherry Bekaert's online portal, which the County has used since 2020, which is how we manage our "prepared by client" listings and house all client provided data. It is secure and user-friendly.

This allows multiple County personnel to provide requested information while allowing the main contact to track what has been provided. Through communication with County Finance management and the Internal Audit Director, we will establish a standard agenda for status meetings. Proposed agenda items include:

- ▶ Current status of testing and reporting
- ▶ Open items (Cherry Bekaert and the County)
- ▶ Any new developments

Throughout all phases of the engagement, the Cherry Bekaert audit manager, at minimum, will conduct continuous reviews of the work being performed to ensure smooth progress, address any matter as they arise, and exceed your expectations for the engagement. We commit to regular status meetings with management to ensure timely delivery of services, a seamless working relationship with County personnel and mutual understanding and agreement on the progress of the engagement and upcoming deadlines. These regular status meetings also allow us to have a “no surprises” audit. Any potential matters identified in the current year are discussed as they develop during the audit, and not at the conclusion of the audit.

Cherry Bekaert will incorporate all project deliverables into our project management approach, including a project plan, project timeline, and weekly project status reports, as requested. We follow a “working partner” approach to client service. This ensures frequent and direct access to the partners who maintain responsibility for the engagement. We employ a high ratio of partners and senior managers to staff. This allows the Firm to staff and supervise engagements with a higher level of experienced staff than most firms. Per Firm policy, we will maintain adequate supervision of all staff on a day-to-day basis, in the field, office or remotely.

i. Staff assigned to the audit has met the continuing education requirements required by Government Auditing Standards issued by the Comptroller General of the United States

The field of governmental accounting and fiscal management is dynamic for both the County and its external consultants. Pronouncements from the following bodies all have significant impact on this sector:

- ▶ APA Specs (new compliance requirements)
- ▶ GASB (altering internal accounting and external reporting)
- ▶ AICPA (modifying audit standards and procedures)
- ▶ OMB (creating new compliance demands associated with the expenditure of federal funds)

We consider the training of our professionals to be extremely important to best meet the evolving needs of our profession and provide the highest quality of service to our clients. We believe that to consistently offer our clients the most current information, continuing education of our personnel is a mission-critical objective. It is the policy of Cherry Bekaert that all professional personnel:

- ▶ Comply with the continuing professional education requirements of the AICPA, the U.S. Securities and Exchange Commission Practice Section of the AICPA Division for Firms, the appropriate state boards of accountancy, the U.S. Government Accountability Office, Yellow Book requirements and other regulatory agencies as applicable
- ▶ Maintain an adequate awareness and understanding of current developments in technical literature
- ▶ Assist in the training and development of staff members under their supervision

We require that all client service professionals complete at least 20 hours of qualifying Continuing Professional Education (CPE) every year and at least 120 hours every three (3) years.

In addition, all client service professionals who serve governmental entities are required to complete 80 hours of CPE every two (2) years with at least 24 hours in subjects that directly relate to government auditing and/or the government environment. CPE is obtained through various sources, including AICPA, national and state Government Finance Officers Association (GFOA) conferences, state society of Certified Public Accountant (CPA) industry conferences and webinars, other industry conferences and internally provided seminars and webinars. All proposed service team members have more than 40 hours of relevant continuing education during each of the last two years, including the continuing education required by *Government Auditing Standards*. Government-specific CPE courses that our professionals have taken over the last five years, in addition to speaking engagements to provide CPE for various organizations, include the following:

- | | |
|---|--|
| ▶ AICPA Peer Review Update for Government | ▶ Common Frauds in Governmental Entities |
| ▶ Yellow Book Independence & Quality Control | ▶ Government Risk Assessment |
| ▶ Yellow Book Update | ▶ Grant Administration Controls and Fraud Risks |
| ▶ Government ACFR Preparation | ▶ Governmental Entities and Cyber Frauds |
| ▶ GASB 84, <i>Fiduciary Activities</i> | ▶ Cash Flows in a Government Environment |
| ▶ GASB 87, <i>Leases</i> | ▶ Auditing Significant Estimates |
| ▶ GASB 94, <i>Public Private and Public-Public Partnerships and Availability Payment Arrangements</i> | ▶ GAQC Single Audit Roundtable |
| ▶ GASB 96, <i>Subscription-Based IT Arrangements</i> | ▶ Single Audit Fundamentals |
| ▶ Annual GFOA GASB Updates | ▶ Uniform Guidance requirements |
| ▶ GASB Lease Changes | ▶ Testing Internal Controls in a Single Audit |
| ▶ National/State GFOA Annual Conferences | ▶ Single Audit Compliance Supplement Update |
| ▶ Internal Control Considerations-Focus on Non-profits and Governmental Entities | ▶ Subrecipient Monitoring Under Uniform Guidance |
| ▶ Future Technology for Governmental Accounting/Finance Department | ▶ Sampling for Single Audit |
| | ▶ Coronavirus Relief Funds - Financial and Single Audit Considerations |

j. Documentation showing the financial stability of the firm.

We seek to help clients ignite growth and navigate change with integrated, forward-looking industry solutions that effectively deliver on our Client Promise. To achieve this vision and set ourselves apart in the finance and accounting industry, Cherry Bekaert received a private equity investment from Parthenon Capital in 2022. This investment has helped enhance the Firm's offerings in its core practices, accelerate our growth plans, expand the range of digitally driven, industry-aligned offerings to our clients, and advance the Firm's commitment to continually improving the experience of our people. Since June 2022, we have completed seven (7) add-on transactions and anticipate many more to add geographic reach, capacity and high-demand expertise to our service teams. This strategy has resulted in growth from \$252M in 2021 to \$585M last year, and made Cherry Bekaert the fastest-growing Top 100 accounting firm in the U.S. in 2023.

Please note that "Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert Advisory LLC is not a licensed CPA firm. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide business advisory and non-attest services spanning the areas of transaction advisory, risk and accounting advisory, digital solutions, cybersecurity and tax. For more details, visit cbh.com/disclosure.

Tab 5 – Service Approach, Implementation and Methodology

In this tab, Offerors shall provide, in detail, their approach to fulfilling the scope of services being solicited in the RFP and demonstrate their compliance with the requirements of the Scope of Services.

Cherry Bekaert utilizes a risk-based, tailored audit program, employing a time-tested methodology that facilitates quality and delivers comprehensive, compliant and timely reports. Our approach focuses on a targeted examination of your financial statements by addressing the risks related to the fair presentation of the statements in accordance with Accounting Principles Generally Accepted in the United States of America to help the County achieve procedures and controls that assure accountability of public funds while maximizing the use of available resources. Our audit of the County will feature CCH Engagement software, a state-of-the-art automated environment enabling our audit documentation to be virtually paperless and our engagement team members to share files via wireless technology. We tailor Thomson Reuters PPC audit and accounting guidance to specifically address the audit and risk areas associated with each local government client. These audit programs will reflect the identified areas of risk and help us ensure that such areas receive the proper degree of audit consideration.

Cherry Bekaert, like multiple accounting firms across the U.S., uses PPC's Audit and Accounting guidance and audit engagement workflow tools as a starting point for our audit program sheets. PPC provides the breadth and depth for specific industry coverage and is always at the forefront of new and changing standards. Then the audit team will tailor these audit programs based on the specific risks (inherent, control and overall risk of material misstatement) that have been identified during the planning and brainstorming session by the audit team assigned to the County's audit. The following chart shows the key procedures and audit segmentation applied during each of the defined stages of the audit engagement:

I. Planning and Inherent Risk Assessment

Planning Procedures

1. Initial Meetings with Management: We will schedule an entrance conference to introduce all key personnel, discuss the planned audit scope, and verify our understanding of communication channels and working relationships. These early discussions will ensure the County's awareness and compliance with new requirements and allow a reasonable amount of time for implementation and consultation. We will discuss the following:

- | | |
|---|---|
| <ul style="list-style-type: none"> ▶ New accounting principles and/or auditing updates ▶ New laws or regulations, including the APA Specs and Uniform Guidance, and the expected impact on the County ▶ Any staff concerns | <ul style="list-style-type: none"> ▶ Initial audit approach and dates, as well as dates and times for periodic audit progress meetings ▶ Reporting requirements and deadlines ▶ Assistance to be provided by the County staff ▶ Review of any reports issued by regulatory agencies during the year ▶ Audit concerns or operational changes that could affect the audits |
|---|---|

2. Perform Preliminary Analytical Review Procedures

We will perform a preliminary analytical review to analyze the financial statements for unusual trends and results and to identify in advance the high audit risk areas. To strengthen audit confidence and risk assessment compliance, Cherry Bekaert uses MindBridge, an AI-enhanced auditing data analytic tool to analyze 100% of transactions using a risk-scoring mechanism based on predefined control points, including rule based, statistical and AI learned selection criteria. Using data analytics provides efficient means to spotting risks and anomalies. Having insight into riskier transactions and data anomalies enables our engagement team to better understand the risk of material misstatement and design more effective audit procedures. Extended audit procedures are then focused on the areas of unusual results or potential audit risk.

3. Determine Audit Materiality

We will calculate materiality during the preliminary planning process for the audit. However, it must be pointed out that this calculated materiality is only a starting point. Auditing standards define materiality from the viewpoint of the user of the financial statements, not the auditor. The question we have to ask is, "Would it affect the user's conclusions regarding the financial position or results of operations of the County, if the adjustment was not made or a particular fact was not disclosed?"

As a result, for certain areas, such as compliance requirements or potential fraud related to cash receipts, our materiality levels may be adjusted to take into account the user's perspective.

Assess the Risk of Fraud: The auditor's consideration of inherent, fraud, and internal control risk (including control environment, risk assessment, communication, and monitoring) affects the nature, timing, and extent of testing. During the planning phase, we will identify and document all risks and associate them with significant financial statement line items and assertions during the Risk Assessment Synthesis (RAS). For each risk identified, we will also document the nature and extent of the risk and condition(s) that gave rise to the risk. Typical procedures include:

- ▶ Hold audit team meetings to "brainstorm" ideas regarding how fraud could be perpetrated and concealed.
- ▶ Inquire of management and others significantly involved in financial reporting to: (1) identify known instances of fraud and (2) determine how someone could rationalize, perpetrate, and conceal fraud.
- ▶ Evaluate the possibility that management could override internal controls.

Statement on Auditing Standard No. 99, *Consideration of Fraud in a Financial Statement Audit*, requires us to document fraud risk factors related to the misappropriation of assets and fraudulent financial reporting and to design and perform additional procedures, if necessary. We document these risk factors through discussions with key accounting department personnel during the planning stage. The goal is to identify areas of risk, inquire as to your knowledge of any occurrence of fraud and to inquire of any areas where you may have a concern. Should additional tailored procedures be required, we will develop them and integrate them into our audit approach.

Inherent Risk Assessment: Inherent risk involves the degree to which a financial statement assertion is susceptible to misstatement due to the nature of the account. The objective of our inherent risk assessment is to take into consideration all that we have learned about the organization, changes that have occurred during the year, its operating environment, and about the risk of fraud and determine what our audit response, if any, should be. The risks identified and our planned responses to these risks will be summarized and documented in our working papers.

II. Internal Control Documentation, Verification and Testing

Our internal control phase will be designed to carefully assess control-risk factors corresponding with all significant financial statement assertions. We will conform to AICPA's risk-assessment standards, which include evaluating and testing internal controls to support our report on the following determinations:

- ▶ Assets are safeguarded from loss from unauthorized acquisition, use, or disposition;
- ▶ Transactions are executed in accordance with budget authority and significant provisions of applicable laws and regulations; and
- ▶ Transactions are properly recorded, processed, and summarized to permit preparation of the financial statements and to maintain accountability for assets.

Entity Level Controls: As part of our entity level control assessment, we will consider whether there are organizational-wide processes that promote strong internal controls.

Verification of these entity level controls is generally performed through the use of interviews of key staff and review of documentation maintained by those key staff.

1. *Monitoring* - Document and assess the effectiveness of the County's monitoring activities

2. *Control Environment*

- ▶ Management philosophy
- ▶ Management's attitude towards risks
- ▶ Oversight by the County board of commissioners
- ▶ Integrity and ethical values
- ▶ Promotion of ethics and appropriate conduct
- ▶ Organizational structure
- ▶ Assignment of authority and responsibility
- ▶ Workforce competence and human resource development

3. *Risk Assessment*

- ▶ Document the results of the most recent organizational-wide risk assessment.
- ▶ Determine whether a process is established for on-going risk assessments of the impact of change on key financial processes

4. *Information and Communication* - Document and assess how the County gathers, uses, and disseminates information.

Process Level Control Activities

Documentation - Obtain and review documentation of process level control activities applicable to:

- ▶ All significant fiscal processes
- ▶ Accounting administration
- ▶ The general ledger
- ▶ Information systems
- ▶ Year-end close and financial reporting

Verification - We will verify that all key controls identified are in place and appear to be operating effectively. This is done by inquiry and observation, and walk-through procedures that trace process from initiation to completion.

Testing: The team will prepare sampling control test work plans. We will select the most effective and efficient testing techniques when determining the nature of the tests to apply. The nature of our testing will fall into one of the following three non-sampling control test categories:

- ▶ **Observation** involves physically observing organization personnel performing the control technique to be tested.
- ▶ **Inquiry** involves making either oral or written inquiries of organization personnel responsible for specific control techniques to determine what they do or how they perform a specific control technique.
- ▶ **Inspection** involves examining documents and records for evidence that a control technique actually occurred.

Determining the timing of control tests depends on the type of test. For example, observations should be conducted during the period under audit. Inspections, on the other hand, could be performed after year-end, as long as documents being examined are from the period under audit. The extent of testing is determined by auditor judgment to be the level necessary to assess the effectiveness of the controls.

Our use of sampling will also consider requirements of the Uniform Guidance. If necessary, we will draw representative sample selections for each separate system of internal control over major federal programs. We will integrate these tests, to the extent possible, with required sampling for reliance on other aspects of the County's internal control structure.

Perform Non-sampling Control Tests - We will perform and evaluate non-sampling control test results, test information system controls associated with financial reporting, and evaluate results. We also will test internal control over compliance with laws and regulations that could have a direct and material effect on the financial statements. We will test controls sufficiently to support a low assessed level of control risk or report findings where controls in operation cannot support that risk assessment.

Conduct Sampling Control Tests - Sampling control tests are conducted if sufficient evidence cannot be obtained through non-sampling procedures. A sampling control test is conducted by taking a sample of transactions and determining if the control technique being tested was in place for the sampled items during the audit period. Based on test results, we will reassess control and combined risk. Whenever possible, the team will also make use of computerized audit tools, such as Interactive Data Extraction and Analysis (IDEA), to improve the efficiency and effectiveness of sampling control tests.

Assess Control Risk - Based on our evaluation of the above steps, and the results of our tests of controls, we will assess control risk. Control risk is the risk that a material misstatement is not prevented or detected in a timely manner by the County's systems of internal control. We then will assess control risk in light of our assessment of inherent risk to determine combined risk. The team will then document its assessment of control risk.

Integration of Information System Controls Testing: The Cherry Bekaert team has developed an integrated financial statement audit approach to ensure that Information System ("IS") controls are considered when determining the amount of reliance that can be placed upon internal controls for financial reporting and compliance with laws and regulations.

Our review procedures of general controls are categorized as follows:

- ▶ **Entity-wide security program planning and management controls** provide a framework and continuing cycle of activity for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy and effectiveness of IS and security controls.
- ▶ **Access controls** limit or detect access to computer resources (data, programs, equipment, and facilities), thereby protecting these resources against unauthorized modifications, loss, and disclosure.
- ▶ **System development and program change controls** prevent implementation of unauthorized programs or modifications to existing programs that may alter financial data, modify or destroy application audit trails, or introduce processing errors.
- ▶ **System software controls** limit and monitor access to powerful programs, utilities and sensitive files that control computer hardware, secure applications supported by the system, and monitor and record activities.
- ▶ **Segregation-of-duties controls** provide policies, procedures, and an organizational structure to prevent one individual from controlling key aspects of computer-related operations and thereby conducting unauthorized actions or gain unauthorized access to assets or financial records.
- ▶ **Service continuity controls** ensure that when unexpected events occur, critical operations continue without interruption or are promptly resumed to minimize the impact of the disruption on an entity's critical mission and to protect sensitive data from destruction.

III. Risk Assessment Synthesis

We use a risk assessment synthesis process to summarize results of our initial planning, inherent risk assessment, and documentation of entity level and process level internal controls. The risk assessment synthesis process is designed to:

- ▶ Identify significant audit areas
- ▶ Document the risks of material misstatement affecting each area (including fraud risks or other significant risks)
- ▶ Assess those risks and select an audit approach that is appropriately tailored to respond to the assessed level of risk,
- ▶ Document the linkage of the assessed risks to the audit procedures that respond to those risks

One of the byproducts of this process will be the identification of potential improvements that could be made to strengthen the internal control process, eliminate duplicative controls or improve the operating efficiency of the County's financial processes. Any observations will be shared with the County's management team at the conclusion of this phase of the audit. We will also use the lessons learned to develop our customized audit programs by significant area that reflects our risk assessment process.

IV. Compliance Testing

This engagement will include the issuance of an opinion on the annual financial statements prepared by the County, and applying procedures and reporting on the schedule of expenditures of Federal and State awards presented as supplementary information. The engagement will also include consideration, testing, and reporting on the County's internal controls and compliance, for both laws and regulations that could have a material impact on the financial statements, as well as compliance requirements material to major Federal and State programs. The aforementioned statement of work will be performed in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the provisions of Uniform Guidance, Audits of States and Local Governments.

Our compliance audit procedures will be designed to identify and test those transactions and activities that are likely to have a direct and material impact on the County's basic financial statements and to determine whether they were carried out in accordance with the provisions of laws, rules, contracts, and grantor guidelines. Our reports will note instances of noncompliance that could have a direct and material effect on the County's financial statements.

The nature and extent of our compliance tests are derived from the following:

- ▶ Results of our analysis of internal control over compliance matters
- ▶ Review of debt documents
- ▶ Correspondence with Federal and State agencies
- ▶ Review of the County's agreements
- ▶ Review of the County's internal policies and procedures
- ▶ General statutes
- ▶ Grant agreements
- ▶ AICPA Statements of Position
- ▶ AICPA Statements on Auditing Standards
- ▶ *Government Auditing Standards*
- ▶ Uniform Guidance Compliance Supplement
- ▶ Other applicable professional standards and guidance

V. Further Audit Procedures (Substantive Testing)

We will perform substantive tests to form conclusions about whether the financial statements are free from material misstatements. These customized audit procedures come directly from our risk assessment procedures.

Conduct Substantive Tests: The objective of our substantive testing is to:

- ▶ Determine if financial statement assertions are materially misstated
- ▶ Form an opinion about whether the principal statements are presented fairly in accordance with the organization's basis of accounting

Substantive test procedures will be applied to all significant assertions in each significant financial statement line item and account. As with the sampling control testing described above, the team makes use of computerized audit tools to improve the efficiency and effectiveness of substantive tests. The extent of substantive testing is based largely upon our assessed level of combined risk. For example, if we assess combined risk as low, then we can rely upon internal controls and perform limited testing. If, however, we assess combined risk as high, we must obtain all assurance from substantive testing to express an opinion on the financial statements. The two types of substantive tests are analytical review procedures and detail tests.

- ▶ **Analytical review procedures** involve establishing an expectation of what a significant balance or transaction total should be. If the actual amount is within a certain limit of the established expectation, then the auditor may determine that no further testing is necessary or that additional detail testing is desirable.
- ▶ **Detail tests** are procedures applied to individual items selected for testing and include confirmation, physical observation, vouching, and recalculation.

Conduct Tests Related to Fraud Risks: We will perform testing for fraud risks identified during the planning phase that are not mitigated by internal controls. Testing will be combined with substantive and compliance testing to the extent practical. In addition to testing for specifically identified fraud risk, we will perform the following procedures to identify fraud related to management override of controls:

- ▶ Examine journal entries and other significant adjustments.
- ▶ Review accounting estimates.
- ▶ Evaluate the business rationale for significant and non-recurring transactions.

Complete Overall Analytical Review Procedures: Once all the final adjustments are recorded and a final draft of the financial statements has been prepared, we will conduct analytical review procedures. Specifically, we will review the financial statements and supporting trial balances for key relationships and determine if audit evidence is consistent with variances noted during preliminary analytical procedures. Our analytic review will include trend and comparative analysis and will encompass the use of key liquidity, performance and operational metrics.

Determine Adequacy of Audit Procedures and Audit Scope: In the planning phase, we determined planning materiality based on preliminary information. Based on planning materiality, we determined design and test materiality levels, which impacted the nature and extent of testing. We now will determine a final materiality based upon audited balances. In light of the final assessment of combined risk and final materiality level, we will consider if the extent of substantive audit procedures was sufficient.

Evaluate Known and Likely Misstatements: Misstatements will be evaluated both in quantitative and qualitative terms. Based largely on these considerations and our evaluation, we will determine the type of audit opinion and internal control and compliance reports to render.

VI. Reporting

Review of ACFR for GFOA Compliance: Before issuance of our audit reports, we will review the ACFR in comparison to our Firm's standard governmental reporting checklist and the current GFOA reporting checklist to help ensure compliance with the certificate program requirements. We will also review any comments received from the most recent submission to ensure all matters are addressed appropriately.

We will prepare the following reports in accordance with GAAS, GAS, APA Specs and Uniform Guidance:

- ▶ Report of Independent Auditor on the fair presentation of the County's governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information and related notes to the financial statements, which collectively comprise the County's basic financial statements, in accordance with GAAP, with an "in relation to" opinion on the other supplemental information schedules and disclaimer of opinion on the required supplementary information and Introductory and Statistical Sections.
- ▶ Report of Independent Auditor for use with Official Statements ("Liftable").

- ▶ Report on compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. We will communicate:
 - All instances of noncompliance that could have a material effect on the financial statements in the report.
 - All reportable conditions and material weaknesses in internal controls over financial reporting and its operation in the report.
- ▶ Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with Uniform Guidance. We will report/communicate:
 - All instances of noncompliance with the specific requirements for major federal program in the report on compliance and in the Schedule of Findings and Questioned Costs.
 - All instances of noncompliance with the specific requirements for major federal program in the report on compliance and in the Schedule of Findings and Questioned Costs.
 - All reportable conditions affecting major federal programs in the report. Further, we will identify any material weaknesses in the report. Any finding or weaknesses shall be reported immediately to the appropriate level of management.
- ▶ Report on compliance with the Commonwealth of Virginia's laws, regulations, contracts and grants.
- ▶ Report on the fair presentation of the Sheriff's Office Canteen and Inmate Fund
- ▶ Examination report required by the APA Specs 3-7 regarding the County's participation in the Virginia Retirement System.
- ▶ Report on the application of agreed-upon procedures relative to the 1) APA's Comparative Report Transmittal Forms, 2) APA Specs Sections 2-6, *Inmate Canteen and Other Auxiliary Funds* and 2-7, *Sheriff Office Internal Controls*, and 3) Virginia Department of Environmental Quality's local government financial test.
- ▶ The Data Collection Form.

Review Reports with Management, Finalize and Present to Governing Body: We will review our draft auditor's reports, management letter and other matters with management and solicit their input. After meeting with management, the auditor's reports will be finalized and signed, and we will present the audit to the Audit Committee as we have each year we have served the County.

The culmination of all of our audit testing is an opinion on the fair presentation of the financial statements. This objective is achieved through the conscious effort of both Cherry Bekaert and the County personnel to proactively address any reporting matters (e.g., GAAP, GFOA certificate program) and by meeting with management to keep all apprised

a. A statement that they will provide all audit services necessary as outlined in this RFP

Similar to our prior years of service, Cherry Bekaert is committed to providing all audit services necessary as outlined in this RFP.

b. Demonstrate their ability to complete projects within specified completion dates and on budget. Include a list of all current local government clients and references

Completion of Projects - Timing & Budget

A smooth engagement begins with detailed planning and execution. As the County has experienced through our service, we provide our clients with an organized approach, clear expectations for both parties, and detailed timelines. We hold regular status meetings with our clients to highlight current procedures completed or in progress, upcoming milestones and budgets. Through these meetings, our clients can see the percentage of procedures completion and any potential internal control or compliance observations noted to date. Each observation is presented with a solution and discussed with management to ensure we have been provided all related information and to discuss any recommendations. If a significant observation arose, we immediately communicate with our clients, along with a proposed solution, rather than wait for the next regularly scheduled status meeting.

Our priority is our clients and executing the projects we commit to. We will not commit to projects that we do not have the bandwidth to complete. In all projects, there are unexpected issues or challenges, which typically come down to meeting deadlines that are set forth for our clients to provide the necessary information needed to complete the project. We understand that government managers are faced with demands and responsibilities from all directions, and that this is just one of the many things on your plate. We work to mitigate risk in project delays by creating an SOW that both parties agree to and can commit to. Weekly meetings and progress reports provide a venue for us to work together, manage deadlines and progress towards completion.

We commit to no "surprise" billings and encourage open lines of communication throughout the year as part of our services. Our initial planning meeting held with County management will continue to ensure that expectations and deliverables are mutually agreed upon, and our ongoing communication with you throughout the year will help to keep both parties aware of the engagement status.

Representative Government Clients

Cherry Bekaert takes great pride in providing industry-leading assurance services to nearly 200 public sector organizations. Following is a detailed list of **current government audit clients**. Each of these clients generally require Single Audit and ACFR, and cities/counties typically include component units. In addition to our service to the County and our current Virginia county and city clients noted earlier in *Tab 4 - Offeror Qualifications, Experience, and Financial Stability*, the following is a detailed list of current government audit clients. Each of these clients generally require Single Audit and cities/counties typically include component units. **Virginia** clients are in **bold**.

| Counties | | |
|------------------------|--------------------------|-----------------------|
| ▶ Orange County, FL | ▶ Guilford County, NC | ▶ Pickens County, SC |
| ▶ Brevard County, FL | ▶ Henderson County, NC | ▶ Richland County, SC |
| ▶ Charlotte County, FL | ▶ Mecklenburg County, NC | ▶ Beaufort County, GA |
| ▶ Monroe County, FL | ▶ New Hanover County, NC | ▶ Columbia County, GA |
| ▶ Durham County, NC | ▶ Randolph County, NC | |

| Cities and Towns | | |
|--|--|---|
| <ul style="list-style-type: none"> ▶ City of Bay Lake, FL ▶ City of Lake Buena Vista, FL ▶ City of Pinellas Park, FL ▶ City of St. Petersburg, FL ▶ City of Vero Beach, FL ▶ City of Bowling Green, KY ▶ City of Frankfort, KY ▶ City of Jeffersontown, KY ▶ City of Richmond, KY | <ul style="list-style-type: none"> ▶ City of Simpsonville KY ▶ City of Charlotte, NC ▶ City of Durham, NC ▶ City of Greenville, NC ▶ City of Greensboro, NC ▶ City of High Point, NC ▶ City of Raleigh, NC ▶ City of Reidsville, NC ▶ City of Winston-Salem, NC | <ul style="list-style-type: none"> ▶ City of Harlem, GA ▶ City of North Augusta, SC ▶ Deerfield Township, OH ▶ Liberty Township, OH ▶ Village of Terrace Park, OH ▶ West Chester Township, PH ▶ City of Palos Heights, IL ▶ City of Palos Hills, IL |
| Authorities, Commissions and Agencies | | |
| <ul style="list-style-type: none"> ▶ Augusta Canal Authority, GA ▶ Cleveland County Water, NC ▶ Authority, TN ▶ Chesapeake Bay Bridge and Tunnel District, VA ▶ Chesapeake Economic Development Authority, VA ▶ Eastern Virginia Regional Facility Authority ▶ Fairfax County Redevelopment and Housing Authority, VA ▶ Florida Development Finance Corporation ▶ Fort Monroe Authority, VA ▶ Greenville Utilities Commission, SC ▶ Hampton Roads Sanitation District, VA ▶ Hampton Roads Criminal Justice Training Academy, VA ▶ Handy Sanitary Water Authority, NC | <ul style="list-style-type: none"> ▶ Kentucky Association of Counties ▶ Kentucky Economic Development Finance Authority ▶ Lexington Convention & Visitors Bureau, KY ▶ Louisville Convention & Visitors Bureau, KY ▶ Marquis Community Development Authority, VA ▶ Newport News Industrial Development Authority, VA ▶ Newport News Redevelopment and Housing Authority, VA ▶ North Carolina Educational Lottery ▶ Piedmont Municipal Power Agency, SC ▶ Piedmont Triad Regional Council, NC ▶ Piedmont Triad Regional Water Authority, NC ▶ Southeastern Public Service Authority, VA | <ul style="list-style-type: none"> ▶ Renewable Water Resources, SC ▶ Richmond Metropolitan Transportation Authority, VA ▶ Richmond Water, Gas & Sewerage Works, KY ▶ Southwest Regional Water District, OH ▶ State of Florida Agency for Health Care Administration ▶ St. John's County Airport Authority, FL ▶ Virginia Beach Development Authority ▶ Virginia Passenger Rail Authority ▶ Virginia Peninsulas Public Service Authority ▶ Western Tidewater Water Authority, VA ▶ York County Economic Development Authority, VA ▶ Illinois Sports Facilities Authority ▶ South Palos Township Sanitary District, IL |

References

Satisfied clients are the strongest endorsement of the technical skills and consistently high-quality service Cherry Bekaert delivers. As demonstrated throughout this proposal, our service to the Virginia public sector is extensive and known for its high level of quality. Please see Tab 6 - *References* for detailed reference information, as requested.

c. Discussion of its current workload with particular reference to personnel and other resources being proposed along with staff continuity during the contract period.

Workload & Capacity

Although we are currently committed to perform similar engagements for many counties and cities across the Commonwealth, the County will continue to have a dedicated team committed to the County and meeting your timelines. At Cherry Bekaert, we employ an industry-first approach where all associates have the opportunity to pursue industry specializations and develop technical experience as they progress in their careers. Our Firm-wide GPS practice has more than 200 professionals experienced and trained to understand the many facets of the public sector, affording us with ample capacity to serve the County.

The GPS coordinates and allocates all resources and talent for public sector engagements and is responsible for assuring seamless service delivery and quality control. We focus on having teams with the right skills, knowledge and expertise to serve you and who are capable of exceeding client expectations. As displayed through the years of experience working with the County our proposed engagement team knows how to plan the audit time and execute our procedures efficiently and effectively to serve the County and exceed expectations, especially as it relates to completing the audit and reporting on the results to the County's Audit Committee.

Commitment to Team Stability

We believe knowledge, efficiency and effectiveness are optimized over time in a client relationship. Therefore, we strive to maintain continuity in partners and key professionals from year to year. In the mentoring and developing our staff, we normally experience a progression of staff responsibility during the years of service on the engagement allowing their knowledge of the client to increase the efficiency of our team. For many of our tenured clients, we have professionals that began as staff accountants and progressed to serve as managers, senior managers and partners on that engagement. We will periodically introduce new staff to our clients as bringing fresh talent and insight to the engagement team provides new ideas, while maintaining team continuity, which creates efficiency and reduces the learning curve for new team members.

However, if we lose a key person, we will replace that person from the top rather than from the bottom. For example, if the senior needs to be replaced, the manager will step in to perform their role until a replacement has been assigned and has been brought up to speed on the County's engagement. We will keep you informed of all personnel changes and, consistent with GAAS, seek your agreement before any changes are made to key personnel. Our turnover rate has been around 20% for the last three years, which is comparable to our peer firms.

To better engage with and encourage our employees in their careers, we launched our Transform Your Career (TYC) initiative in 2022. This program provides growth and development opportunities, a meaningful approach to performance, and an enhanced comprehensive total rewards package. It has had a positive impact on employee engagement and retention as we accelerated our growth journey.

d. A copy of the standard engagement letter

December 11, 2024

VIA EMAIL:
min042@henrico.us

Sheila Minor, CPA
Director of Finance
County of Henrico, Virginia
4301 Parham Road
Henrico, Virginia 23228

Dear Ms. Minor:

This engagement letter between County of Henrico, Virginia and its component units, the County School Board and the James River Juvenile Detention Center (the "JRJDC"), and the Henrico Sports and Entertainment Authority (the "HSEA"), collectively hereafter referred to as the "County", or "you" or "your" or "management") and Cherry Bekaert LLP (the "Firm" or "Cherry Bekaert" or "we" or "us" or "our") 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, which are attached hereto and incorporated by reference, designed to facilitate the performance of our professional services and to achieve the mutually agreed-upon objectives of the County.

Summary of services

We will provide the following services to the County, as of and for the year ended June 30, 2025:

Audit and attestation services

1. Report of Independent Auditor on the fair presentation of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as presented in the basic financial statements.

We will audit the Supplementary Information and the Schedule of Expenditures of Federal Awards ("SEFA"), as listed in the Annual Comprehensive Financial Report's ("ACFR") Table of Contents, and provide an "in relation to" opinion. As part of our engagement, we will apply certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America ("GAAS").

We will apply limited procedures to the Management's Discussion and Analysis ("MD&A") and the other required supplementary information, as listed in the ACFR's Table of Contents, which will consist of inquiries of County's management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. Our auditor's report will not provide an opinion or any assurance on that information.

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The Introductory and Statistical sections accompanying the financial statements within the ACFR will not be subjected to the auditing procedures applied in our audit of the financial statements and our auditor's report will not provide an opinion or any assurance on that information.

2. Report of Independent Auditor on the fair presentation of the Sheriff's Office Canteen and Inmate Fund.
3. Report of Independent Auditor for use with Official Statements (Liftable).
4. Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
5. Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
6. Report of Independent Auditor on Compliance with Virginia specifications.
7. Management Letter detailing any operational observations noted.

Examination Services:

VRS Census Data

We will examine the County's and Schools' assertion that the census data provided to the Virginia Retirement System (the "VRS") by the County for the year ended June 30, 2025 is accurate and complete. The objectives of our examination are to (1) obtain reasonable assurance about whether the assertion is free from material misstatement based on the criteria and (2) to express an opinion as to whether assertion is fairly stated in all material respects.

Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (the "AICPA"). Accordingly, it will include examining, on a test basis, your records and other procedures to obtain evidence necessary to enable us to express our opinion. We will issue a written report upon completion of our examination. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form, or have not formed, an opinion, we may decline to express an opinion or may withdraw from the engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with attestation standards.

We will plan and perform examinations to obtain reasonable assurance about whether the assertions are free from material misstatement. Our engagement will not include a detailed inspection of every item supporting each assertion and cannot be relied upon to disclose all material errors, or known and suspected fraud, or noncompliance with laws or regulations, or internal control deficiencies, which may exist. However, we will inform you of any known or suspected fraud and noncompliance with laws and regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention unless clearly trivial.

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We understand that you will provide us with the information required for our examination and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate criteria, but the responsibility for the subject matter remains with you.

The report we intend to issue is intended solely for the information and use of the County and the Auditor of Public Accounts of the Commonwealth of Virginia (the "APA") and is not intended to be, and should not be, used by anyone other than these specified parties.

You are responsible for the presentation of the data in accordance with the assertions described above 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 whether the census data provided to the VRS by the County for the year ended June 30, 2025 is accurate and complete. Failure to provide such an assertion will result in our withdrawal from the engagement.

You are also responsible for making all management decisions and performing all management functions; for designating an individual who possesses suitable skill, knowledge, or experience to oversee the services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Agreed-Upon Procedures Services:

As requested, we will apply certain agreed-upon procedures, which are detailed in the (1) *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the APA; and (2) the Virginia Department of Environmental Quality's local government financial assurance requirements; both as listed in the Attachment B to this letter, to test the County's compliance for the year ended June 30, 2025. This engagement is solely to assist the County, the APA and the DEQ in determining the County's compliance.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the AICPA. Those standards require that we obtain your written agreement to the procedures to be applied and your acknowledgment that those procedures are appropriate for the intended purpose of the engagement, as described in this letter. The agreement and acknowledgment are contained within this letter. A refusal to provide such agreement and acknowledgment will result in our withdrawal from the engagement. We make no representation that the procedures we will perform are appropriate for the intended purpose of the engagement or for any other purpose.

Because the agreed-upon procedures listed within Attachment B do not constitute an examination or review, we will not express an opinion on the County's compliance with the APA's and DEQ's requirements. In addition, we have no obligation to perform any procedures beyond those listed within Attachment B.

We will issue a report upon completion of our engagement listing the procedures performed and our findings. Our report will be addressed to County Board of Supervisors and either the APA or the DEQ. 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.

If we encounter restrictions in performing our procedures, we will discuss the matter with you. If we determine the restrictions are appropriate, we will disclose the restrictions in our report.

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There may exist circumstances that, in our professional judgment, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of procedures are not appropriate.

If circumstances occur relating to the condition of your records, the availability of evidence, or the existence of a significant risk of material misstatement of the subject matter caused by error or fraud, which in our professional judgment prevent us from completing the engagement or reporting findings on the subject matter, we retain the right to take any course of action permitted by professional standards, including declining to report findings or issue a report, or withdrawing from the engagement.

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 County's compliance that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the County's compliance, 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.

Nonattest accounting and other services

We will complete the appropriate sections of and sign the Data Collection Form.

Your expectations

Our services plan, which includes our audit plan, is designed to provide a foundation for an effective, efficient, and quality-focused approach to accomplish the engagement objectives and meet or exceed the County's expectations. Our services plan will be reviewed with you periodically and will serve as a benchmark against which you will be able to measure our performance. Any additional services that you may request, and that we agree to provide, will be the subject of separate written arrangements.

The County recognizes that our professional standards require that we be independent from the County in our audit, examination and agreed-upon procedures engagements and our related reporting 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 the County and the County should not expect that we will act only with due regard to the County's interest in the performance of these procedures, and the County should not impose on us special confidence that we will conduct this audit with only the County's interest in mind. Because of our obligation to be independent of the County, no fiduciary relationship will be created by these audit, examinations and agreed-upon procedures engagements.

The engagement will be led by Rob Churchman, who will be responsible for assuring the overall quality, value, and timeliness of the services provided to you.

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Audit and attestation services

Our audit will be conducted in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Uniform Guidance; the Single Audit Act Amendments of 1996; OMB *Guidance for Grants and Agreements* (2 CFR 200) and the Specifications. The objective of our audit is to obtain reasonable assurance about whether the County's basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether the County's basic financial are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("GAAP") and to report on the fairness of the additional information referred to in the Summary of Services section when considered in relation to the basic financial statements taken as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Specifications will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements in conformity with the basis of accounting noted above. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards* and the Specifications.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Auditor's responsibilities for the audit of financial statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records, a determination of major programs in accordance with Uniform Guidance, and other procedures as deemed necessary to enable us to express such opinions about whether the financial statements are fairly presented, in all material respects, in conformity with GAAP. We will also:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Update our understanding of the County and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Update our understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

Nonattest accounting and other services

In connection with any of the audit, accounting, attestation or other services noted herein, we will provide a copy of all schedules or other support for you to maintain as part of your books and records supporting your basic financial statements. You agree to take responsibility for all documents provided by Cherry Bekaert and will retain copies based on your needs and document retention policies. By providing these documents to you, you confirm that Cherry Bekaert is not responsible for hosting your records or maintaining custody of your records or data and that Cherry Bekaert is not providing business continuity or disaster recovery services. You confirm you are responsible for maintaining internal controls over your books and records including business continuity and disaster recovery alternatives. In addition, any documents provided to Cherry Bekaert by the County in connection with these services will be considered to be copies and will not be retained by Cherry Bekaert after completion of the accounting and other services. You are expected to retain anything you upload to a Cherry Bekaert portal and are responsible for downloading and retaining anything we upload in a timely manner. Portals are only meant as a method of transferring data, are not intended for the storage of client information, and may be deleted at any time. You are expected to maintain control over your accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up services for any of your data or records. Giving us access to your accounting system does not make us hosts of information contained within.

The accounting and other services described in this section are nonaudit services, which do not constitute audit services under *Government Auditing Standards*, and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming County's management responsibilities.

In conjunction with providing these accounting and other services, we may use third party software or templates created by Cherry Bekaert for use on third party software. Management expressly agrees that the County has obtained no rights to use such software or templates and that Cherry Bekaert's use of the County's data in those applications is not deemed to be hosting, maintaining custody, providing business continuity, or disaster recovery services.

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Data collection form

We will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to the County; however, it is the County's management's responsibility to submit the reporting package (including financial statements, SEFA, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the designated federal audit clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

County's management responsibilities related to accounting and other services

For all nonattest services we perform in connection with the engagement, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, retain relevant copies supporting your books and records, and accept overall responsibility for the results of the services.

Prior to the release of the report, the County's management will need to sign a representation letter acknowledging its responsibility for the results of these services and acknowledging receipt of all appropriate copies.

Use of the Internal Audit function

As part of our engagement, we plan to use the work of the internal audit function to provide direct assistance. The successful use of the internal audit function was considered in developing our fee proposal. The successful use of the internal audit function is dependent upon our assessment of the objectivity and competence of the internal audit function and its personnel. The successful use of the internal audit function to provide direct assistance is dependent upon our ability to confirm that those individuals employed or contracted by you and performing work on our behalf are allowed to follow our instructions without undue restrictions from the County's management. We will plan with the Director of Internal Audit the direct assistance that will be provided in accordance with our contract with the County.

If any disagreements over our procedures or the use of the internal audit function do arise, the County will work with us on a best efforts basis to satisfactorily resolve any issues.

As part of our consideration of the use of the internal audit function, we will make certain inquiries and request supporting documentation when applicable. In addition, to facilitate a constructive and complementary relationship we will ask that those responsible for the internal audit function timely provide us responses to questionnaires and participate in the planning of our audit when requested.

If we are unable to successfully use the work of the internal function, whether due to lack of objectivity, competence, application of a systematic and disciplined approach, application of a quality control system, or undue restrictions placed by the County's management, then we will estimate the impact on the nature, timing, and extent of our planned audit procedures and will communicate with the County concerning the scope of the additional procedures and the additional estimated fees.

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County's management responsibilities related to the audit

The County's management is responsible for (1) designing, implementing, and maintaining internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that the County's management and financial information is reliable and properly reported. The County's management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, SEFA and all accompanying information in conformity with GAAP; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

The County's management is responsible for making all financial records and related information available to us, including additional information that is requested for purposes of the audit (including information from outside of the general and subsidiary ledgers), and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit and (4) unrestricted access to persons within the County from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the County involving (1) the County's management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, grantors, regulators, or other. In addition, you are responsible for identifying and ensuring that the County complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that we report. Additionally, as required by the Uniform Guidance, it is the County's management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

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The County's management is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the SEFA (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the SEFA in any document that contains and indicates that we have reported on the SEFA. You also agree to include the audited financial statements with any presentation SEFA that includes our report thereon or make the audited financial statements readily available to intended users of the SEFA no later than the date the SEFA is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the SEFA in accordance with the Uniform Guidance, (2) you believe the SEFA, including its form and content, is stated fairly in accordance with the Uniform Guidance, (3) the methods of measurement or presentation have not changed from those used in the prior period or, if they have changed, the reasons for such changes, and (4) the County has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the SEFA.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with GAAP. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP, (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP, (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes), and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

The County's management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. The County's management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the *Audit and attestation services* section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing County's management views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

The County's management agrees to assume all management responsibilities relating to the financial statements, SEFA and disclosures, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, SEFA, and disclosures, and that you have reviewed and approved the financial statements, SEFA, and disclosures prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

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County's management's responsibilities related to the examination

The County's management is responsible for:

- Providing us with the basic information required for our examination and for the accuracy and completeness of that information.
- If applicable, the fair presentation of the financial information included in the report in conformity with the acceptable financial framework or the criteria or assertion described on page one of the engagement letter.
- If applicable, the selection and application of accounting principles and the consistent application of those principles.
- Making all financial or other applicable records and related information available to us.
- Ensuring that all material information is disclosed to us.
- Granting unrestricted access to persons within the County from whom we determine it necessary to obtain sufficient evidence to complete our examination.
- Identifying and ensuring that the County complies with the laws and regulations applicable to the criteria or assertion described on page one of the engagement letter.

The County's management is responsible for informing us of its views regarding the risk of fraud impacting the report at the County. The County's management must inform us of their knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, regulators, or others, and for informing us about all known or suspected fraud affecting the County involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the report.

The County's management is responsible for the design, implementation, and maintenance of programs and controls over the report and to prevent and detect fraud. Appropriate supervisory review procedures are necessary to provide reasonable assurance that adopted policies and prescribed procedures are adhered to and to identify errors and fraud or illegal acts.

At the conclusion of the examination engagements, the County's management will provide to us a representation letter that, among other things, addresses (1) management's responsibilities related to the examination and confirms certain representations made to us during the examination, including, the management's acknowledgement of its responsibility for the design and implementation of programs and controls to prevent and detect fraud; (2) County's management's responsibilities related to the monitoring of internal control over financial reporting; and (3) the County's management's knowledge, directly or from allegations by others, of fraud or suspected fraud affecting the County.

County's management's responsibilities related to the agreed-upon procedures

You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

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The County's management is responsible for the presentation of the related subject matter for the agreed-upon procedures in accordance with the criteria noted earlier; and determining that such criteria are appropriate for the County's purposes. You are also responsible for, and agree to provide us with, a written assertion about the subject matter noted earlier. 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 County 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 the County's 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 subject matter for the agreed-upon procedures in accordance with the criteria noted above; (2) the County's management's knowledge of fraud or suspected fraud affecting the County 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) the County's management's knowledge of any allegations of fraud or suspected fraud affecting the County, received in communications from employees or others.

Reporting

Our report will be addressed to the Board of Supervisors of the County. Circumstances may arise in which our report may differ from its expected form and content based on the result of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also issue written reports upon completion of our Single Audit. The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Management Representations

The Firm will rely on the County's management providing the above noted representations to us, both in the planning and performance of the audit, and in considering the fees that we will charge to perform the audit and attestation services.

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Fees

The estimated fees contemplate only the services described in the Summary of Services section of this letter. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you concerning the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement 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.

Per contract _____, our fee increased from the prior year by 3% (lesser of 3% or CPI-U), which will be billed periodically on agreed-upon dates per the contract.

| | 2024 | 2025 |
|---|-----------|-----------|
| Annual Base Audit Services Fee (County and Schools) | \$ XXXXXX | \$ XXXXXX |
| Fee Per Required Program Over ____ (____) | \$ XXXXXX | \$ XXXXXX |
| Examination of Virginia Retirement System census data - County | \$ XXXXXX | \$ XXXXXX |
| Examination of Virginia Retirement System census data - Schools | \$ XXXXXX | \$ XXXXXX |
| Audit of the Sheriff's Office Canteen Fund and Inmate Fund | \$ XXXXXX | \$ XXXXXX |

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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. No change, modification, addition, or amendment to this letter shall be valid unless in writing and signed by all parties. The parties agree that this letter may be electronically signed and that the electronic signatures will be deemed to have the same force and effect as handwritten signatures.

If you have any questions, please call Rob Churchman at (804) 673-5733.

Sincerely,

CHERRY BEKAERT LLP

ATTACHMENT A – Engagement Letter Terms and Conditions
ATTACHMENT B – Agreed-upon procedures

COUNTY OF HENRICO, VIRGINIA

ACCEPTED BY: _____

TITLE: _____ DATE: _____

Attachment A - Page 1

Cherry Bekaert LLP
Engagement Letter Terms and Conditions

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 audit report

Should the County wish to include or incorporate by reference these financial statements and our report thereon into *any* other document at some future date, we will consider granting permission to include our report into another such document at the time of the request. However, we may be required by GAAS to perform certain procedures before we can give our permission to include our report in another document such as an annual report, private placement, regulator filing, official statement, offering of debt securities, etc. You agree that the County will not include or incorporate by reference these financial statements 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.

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.

Limitations of the audit process

In conducting the audit, we will perform tests of the accounting records and such other procedures as we consider necessary in the circumstances to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by the County's management, as well as evaluate the overall financial statement presentation.

Our audit will include procedures designed to obtain reasonable assurance of detecting misstatements due to errors or fraud that are material to the financial statements. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. For example, audits performed in accordance with GAAS are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material misstatements due to errors or fraud, if they exist, may not be detected. Also, an audit is not designed to detect matters that are immaterial to the financial statements. In addition, an audit conducted in accordance with GAAS does not include procedures specifically designed to detect illegal acts having an indirect effect (e.g., violations of fraud and abuse statutes that result in fines or penalties being imposed on the County) on the financial statements.

Attachment A - Page 2

Similarly, in performing our audit we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our audit 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 audit unless clearly inconsequential. You agree that the County will cooperate fully with any procedures we deem necessary to perform with respect to these matters.

We will issue a written report upon completion of our audit of the County's financial statements. If, for any reason, we are unable to complete the audit, or are unable to form, or have not formed an opinion on the financial statements, we may decline to express an opinion or decline to issue a report as a result of the engagement. We will notify the appropriate party within your organization of our decision and discuss the reasons supporting our position.

Audit procedures – general

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve professional judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the County's management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the County or to acts by the County's management or employees acting on behalf of the County. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits, nor do they expect auditors to provide reasonable assurance of detecting waste and abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of the County's management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, funding sources, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; SEFA; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS.

Audit procedures – internal controls

Our audit will include obtaining an understanding of the County and its environment, including internal controls relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control, including cybersecurity, and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to the County's management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit procedures - compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the County's compliance with provisions of applicable laws and regulations, contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the County's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Nonattest services

All nonattest services to be provided in the attached engagement letter shall be provided pursuant to the AICPA Code of Professional Conduct. The AICPA Code of Professional Conduct requires that we establish objectives of the engagement and the services to be performed, which are described under nonattest services in the attached letter.

You agree that the County's designated individual will assume all the County's management responsibilities for the nonattest services we provide; oversee the services by designating an individual, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. In order to ensure we provide such services in compliance with all professional standards, the designated individual is responsible for:

- Making all financial records and related information available to us
- Ensuring that all material information is disclosed to us
- Granting unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence
- Identifying and ensuring that such nonattest complies with the laws and regulations

The accuracy and appropriateness of such nonattest services shall be limited by the accuracy and sufficiency of the information provided by the County's designated individual. In the course of providing such nonattest services, we may provide professional advice and guidance based on knowledge of accounting, tax and other compliance, and of the facts and circumstances as provided by the County's designated individual. Such advice and guidance shall be limited as permitted under the AICPA Code of Professional Conduct.

Responsibilities of Cherry Bekaert LLP with respect to the examination services

In performing our examinations, we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our examinations will not include a detailed test of every item supporting the assertion or subject matter 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 assertion 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 examination unless clearly inconsequential. You agree to cooperate fully with any procedures we deem necessary to perform with respect to these matters.

Our examination will include procedures designed to obtain reasonable assurance that the assertion is in conformity with the criteria described above. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. For example, examinations performed in accordance with attestation standards are based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that errors or fraud, if they exist, may not be detected.

Responsibilities of Cherry Bekaert LLP with respect to the agreed-upon procedures

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

Attachment A - Page 5

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. 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.

Communications

At the conclusion of the audit engagement, we may provide the County's management and those charged with governance a letter stating any significant deficiencies or material weaknesses which may have been identified by us during the audit and our recommendations designed to help the County make improvements in its internal control structure and operations related to the identified matters discovered in the financial statement audit. As part of this engagement, we will ensure that certain additional matters are communicated to the appropriate members of the County. Such matters include (1) our responsibilities under GAAS, (2) the initial selection of and changes in significant accounting policies and their application, (3) our independence with respect to the County, (4) the process used by County's management in formulating particularly sensitive accounting estimates and the basis for our conclusion regarding the reasonableness of those estimates, (5) audit adjustments, if any, that could, in our judgment, either individually or in the aggregate be significant to the financial statements or our report, (6) any disagreements with the County's management concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements, (7) our views about matters that were the subject of the County's management's consultation with other accountants about auditing and accounting matters, (8) major issues that were discussed with the County's management in connection with the retention of our services, including, among other matters, any discussions regarding the application of accounting principles and auditing standards, and (9) serious difficulties that we encountered in dealing with the County's management related to the performance of the audit.

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 12 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. Any parties seeking voluntary access to our working papers must agree to sign our standard access letter.

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We may be requested to make certain documentation available to regulators, governmental agencies (e.g., SEC, PCAOB, HUD, DOL, etc.), or their representatives ("Regulators") pursuant to law or regulations. If requested, access to the documentation will be provided to the Regulators. The Regulators may intend to distribute to others, including other governmental agencies, our working papers and related documentation without our knowledge or express permission. You hereby acknowledge and authorize us to allow Regulators access to and copies of documentation as requested. In addition, our Firm, as well as all other major accounting firms, participates in a "peer review" program covering our audit and accounting practices as required by the AICPA. 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 the County 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 engagements, 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. As an alternative, we recommend using our Client Portal ("Portal") to transmit documents. Portal allows the County, us, and other involved entities to upload and download documents in a secure location. You agree to the use of email, Portal, 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.

Use of third party providers

In the normal course of business, we may on occasion use the services of an independent contractor or a temporary or loaned employee, all of whom may be considered a third party service provider. On these occasions, we remain responsible for the adequate oversight of all services performed by the third party service provider and for ensuring that all services are performed with professional competence and due professional care. We will adequately plan and supervise the services provided by the third party service provider; obtain sufficient relevant data to support the work product; and review compliance with technical standards applicable to the professional services rendered. We will enter into a contractual agreement with the third party service provider to maintain the confidentiality of information and be reasonably assured that the third party service provider has appropriate procedures in place to prevent the unauthorized release of confidential information to others.

Alternative practice structure

Cherry Bekaert LLP and Cherry Bekaert Advisory LLC (an associated, but not affiliated entity) are parties to an administrative services agreement ("ASA"). See Amendment No. ____ to Contract ____ dated ____, 202X for further discussion.

Subpoenas

In the event we are requested or authorized by the County, 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 the County, the County will, so long as we

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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 provision

This Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to any dispute or claim arising out of or relating to this engagement letter or the services provided hereunder, or any other audit or attest services provided by or on behalf of the Firm or any of its subcontractors or agents to the County or at its request ("Disputes"), and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise.

Mediation

All Disputes shall be first submitted to nonbinding confidential mediation by written notice to the parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, the International Institute for Conflict Prevention and Resolution ("CPR"), at the written request of a party, shall designate a mediator.

Costs

Each party shall bear its own costs in mediation.

Waiver of trial by jury

In the event the parties are unable to successfully arbitrate 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.

No third party beneficiaries

The parties do not intend to benefit any third party by entering into this agreement, and nothing contained in this agreement confers any right or benefit upon any person or entity who or which is not a signatory of this agreement.

Statute of limitations

The County and the Firm agree that any suit arising out of or related to the services contemplated by this engagement letter must be filed within one year after the cause of action arises. The cause of action arises upon the earlier of (i) delivery of the final work product for which the firm has been engaged, (ii) where applicable, filing of the final work product for which the firm has been engaged, or (iii) the date which the services contemplated under this engagement letter are terminated by either party.

Terms and conditions supporting fees

The estimated fees set forth in the attached engagement letter are based on anticipated full cooperation from the County's personnel, timely delivery of requested audit and attestation

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schedules and supporting information, timely communication of all significant accounting and financial reporting matters, the assumption that unexpected circumstances will not be encountered during our services, 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 fees do 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 contemplate that the County will provide adequate documentation of its systems and controls related to significant transaction cycles and audit and attestation areas.

In providing our services, we will consult with the County with respect to matters of accounting, financial reporting, or other significant business issues as permitted by professional standards. Accordingly, time necessary to affect a reasonable amount of such consultation is reflected in our fees. However, should a matter require research, consultation, or audit work beyond that amount, the Firm and the County will agree to an appropriate revision in our fee.

The estimated fees are based on auditing, attestation and accounting 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 auditing, attestation or accounting standards that impact the County for the first time. If new auditing, attestation or accounting standards are issued subsequent to the date of this letter and are effective for the period under audit, we will estimate the impact of any such standard on the nature, timing, and extent of our planned audit procedures and will communicate with the County concerning the scope of the additional procedures and the estimated fees.

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.

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Cherry Bekaert LLP
Agreed-Upon Procedures

APA Comparative Report Transmittal

We will apply the agreed-upon procedures, which the APA and the County have specified, as listed below. This engagement is solely to assist the County in evaluating management's assertion about whether the Comparative Report Transmittal Forms comply with the requirements of the *Uniform Financial Reporting Manual* (the "Manual") for the year ended June 30, 2025.

- We will read the requirements for the completion of the forms as set forth in the Manual and identify differences between the County's accounting policies and the requirements of the Manual.
- We will compare the information contained on Form 050 to the County's ACFR and will review any reconciling items for compliance with the requirements of the Manual.
- We will read any comments made by the APA during the desk review of the County's forms submitted in the prior year and determine whether the current year forms incorporate these comments.
- We will read the Verify Report and the Edits Report to determine whether the APA's automated forms identified any exceptions.
- We will read the Analysis Report and determine whether comments were provided for all flagged variances.
- We will read joint activity forms (e.g., Forms 110) prepared by other local governments, authorities, or auditors and determine whether they have been accurately and completely incorporated within the Comparative Report Transmittal Forms.

Landfill Closure

We will apply the agreed-upon procedures for landfill closure of the County based upon the mandates of the Environmental Protection Agency and the DEQ, as listed below, for the fiscal year ended June 30, 2025. This engagement is solely to assist the County with respect to demonstrating compliance with the local government financial test as required to meet the financial assurance requirements, in accordance with Section 20-70-210 of the *Financial Assurance Regulations for Solid Waste Disposal, Transfer, and Treatment Facilities*, relating to the closure, post-closure care, and corrective action costs of owning and operating a municipal solid waste landfill facility. We understand that the landfill closure will be presented in conformity with GAAP. Specifically, we will perform the following:

- We will compare the data and statements contained in the letter from the Director of Finance (the "Letter") and the data and statements contained in the County's ACFR, as of and for the year ended June 30, 2025, and determine whether they agree.
- We will compare the ending June 30, 2025 balances of bonds outstanding, including applicable premiums, within the Alternative I section of the Letter to the County's June 30, 2025 ACFR and determine whether they agree.
- We will compare total revenue reported in the Letter to the County's ACFR, for the fiscal years ended June 30, 2025 and 2024, and determine whether they agree.
- We will compare the amount reported in the Letter for the County's estimated solid waste management liability to the County's June 30, 2025 ACFR and determine whether they agree.

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- We will compare amounts reported for other self-insured environmental underground storage tank aggregate insurance coverage costs for fiscal year 2025 to supporting documentation and determine whether they agree.
- We will re-compute totals and percentages used in calculating the conditions of the test included in the Letter for fiscal year 2025.

Sheriff's Internal Controls

We will apply the agreed-upon procedures which were agreed to by the County and the APA, solely to assist the County in evaluating its assertion that the Sheriff's office has maintained effective internal controls over compliance adequate for complying with the *Virginia Sheriffs' Accounting Manual* and the *Code of Virginia*, Sections 15.2-1609 through 15.2-1625 for the year ended June 30, 2025, in accordance with the Specifications. This engagement is solely to assist the Sheriff and the County in complying with the requirements the Manual and the *Code of Virginia*, Sections 15.2-1609 through 15.2-1625. Specifically, we plan to perform the following:

1. Select a sample of two (2) monthly bank reconciliations from the Canteen and Inmate Trust Fund and, for each reconciliation selected, determine whether the bank statement was reconciled to the general ledger and was reviewed by management as indicated by signed initials.
2. Select a sample of the lesser of twenty-five (25) or 10% of all canteen purchases from the Canteen Fund's general ledger detail and determine whether the Canteen Facility Director or his/her designee approved the purchases.
3. Select a sample of the lesser of twenty-five (25) or 10% all canteen disbursements and obtain the supporting invoices and determine whether the disbursement was for education, recreational, or other inmate beneficial purposes.
4. Select a sample of the lesser of twenty-five (25) or 10% of all inmate deposits and determine whether the deposit was supported by an official receipt, posted accurately to the inmate's canteen account, and deposited in the financial institution within two business days.
5. Select a sample of the lesser of twenty-five (25) or 10% of all Inmate Trust Fund disbursements obtained from the Inmate Trust Fund's general ledger detail and determine whether they were supported by an official receipt.
6. Select a sample of the lesser of twenty-five (25) or 10% of all work release/work force/home incarceration deposits obtained from the Trust Accounting Reports and determine whether they were supported by an official receipt and deposited within five business days of the money being received.
7. Select a sample of the lesser of twenty-five (25) or 10% of all fees charged to the Inmate Trust Fund and determine whether the appropriate fees were calculated and deducted from the Inmate Trust Fund weekly.
8. Select a sample of the lesser of twenty-five (25) or 10% of all prisoner housing reimbursement receipts obtained from the Reimbursement of Prisoner Cost general ledger detail and determine whether the payment was supported by an appropriate billing, deposited within two business days of receipt, and the prisoner housing agreement is evidenced by a formal contract.

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9. Select a sample of the lesser of twenty-five (25) or 10% of all inmate medical co-payment charges obtained from the general ledger detail and determine whether those charges were supported by a Medical Charge Sheet and whether they were deducted from the Inmate Trust Fund.
 10. Obtain the general ledger chart of accounts and determine whether a separate general ledger account exists for forfeited property.
 11. Select a sample of the lesser of twenty-five (25) or 10% of all forfeited property and select a sample of log entries and determine whether all required elements were tracked and all required notifications were made.
 12. Select a sample of the lesser of twenty-five (25) or 10% of all sales of forfeited property and determine whether the proceeds from the sale were provided to the Director of Finance for deposit by the next business day after the sale.
 13. Select a sample of the lesser of twenty-five (25) or 10% of all disbursements funded by the sales of forfeited property and determine whether such disbursements were supported by an appropriation approved by the local governing body.
 14. Obtain the State Forfeited Property log and select a sample of the lesser of twenty-five (25) or 10% of all assets seized and determine whether they were reported to the Virginia Department of Criminal Justice Services (DCJS) within the required 21 days of seizure.
 15. Select a sample of the lesser of twenty-five (25) or 10% of all cash receipts and determine whether the proceeds from the civil process/sheriff sale were deposited within two business days after the service and recalculate the commissions permitted to be deducted from the sales proceeds in accordance with the *Code of Virginia*, Section 15.2-1609.3.
 16. Select a sample of two (2) monthly disbursements of County service fees remitted to the County Treasurer and determine whether they were remitted before the 10th day of the month next succeeding that in which the fees are collected.
 17. We will obtain a sample of two (2) dates with civil process and dates with auction sales receipts and determine whether fees were appropriately calculated/determined, deposited timely, and remitted to the Commonwealth timely.
 18. We will obtain the Jail Canteen Activity Report and reconcile the revenue and expenses in the report to the general ledger.

e. Copies of any reports that are included as part of their proposal

Cherry Bekaert understands the above request. In addition to letters we have issued to the County over the years, below is a sample management letter for audit services. We have not provided additional documentation to protect client confidentiality.

Sample Management Letter

ACME

Anywhere, VA 20000

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of ACME, Virginia ("ACME"), as of and for the year ended June 30, 20XX, in accordance with auditing standards generally accepted in the United States of America, we considered ACME's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ACME's internal control. Accordingly, we do not express an opinion on the effectiveness of ACME's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, during our audit we did note opportunities for strengthening internal controls and operating efficiencies. This letter does not affect our report on the financial statements of ACME. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various ACME personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Federal Financial Reporting

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") requires that the grant amounts per the Schedule of Expenditures of Federal Awards ("SEFA") be fairly presented in all material respects in relation to the basic financial statements taken as a whole. During testing of the SEFA, we noted that multiple federal grants were understated in relation to the general ledger, which were adjusted in the final SEFA. We recommend that ACME perform reconciliations and other procedures to ensure the SEFA is complete in all material respects.

Information Technology (IT)

IT Internal Control Environment

During our review of the ACME's IT control environment, we noted the ACME does not perform user access reviews for its business, personal property, or real estate tax and revenue collection systems. Users access reviews are a fraud detective control to help identify unauthorized accounts or individuals with roles and permissions on the system that do not align with their job responsibilities. As a best practice, we recommend that ACME perform user access reviews for all financial applications at least annually. At a minimum, the reviews should focus on higher risk accounts, such as those with administrative permissions within the system. ACME's IT department personnel should help facilitate the access reviews by providing related ACME departments with current access listings to review, verify, and confirm the appropriateness of access noted.

IT Entity Level Controls

ACME has not performed a formal risk (e.g., security, access, change management) assessment of its IT environment. We suggest ACME perform a formal IT risk assessment to include a penetration test, ideally by an independent entity, performed at least once every three years to identify high risk areas that may exist. Results of the assessment should be shared with senior management and incorporated into an overall IT Strategic Plan, as appropriate.

Backup & Recovery Controls

ACME does not perform periodic restores of its financial data to ensure the data can be restored in a timely manner. We suggest ACME perform restores of backup data on a scheduled basis (i.e., semi-annually) to ensure files can be adequately restored completely and on a timely basis. We also recommend ACME strengthen its backup policy to define the specific backup and recovery procedures to be employed to include schedules, responsibilities, and procedures for off-site rotation of data.

Password Security

ACME's current password protocol does not meet the industry best practices for account lockout settings at the network and application levels. Specifically, current settings, with related best practices, are as follows:

| Current Settings: | Minimum Best Practice Settings: |
|-------------------------------------|--|
| Network (Windows/Active Directory): | Network (Windows/Active Directory): |
| ▶ Minimum Password Age: 0 days | ▶ Minimum Password Age: 1 day |
| ABC System: | ABC System: |
| ▶ Password Expiration: 0 | ▶ Password Expiration: 90 days |
| ▶ Password History: 0 | ▶ Password History: 5 |
| ▶ Minimum Password Length: 0 | ▶ Minimum Password Length: 6-8 |

This communication is intended solely for the information and use of management, those charged with governance and others within ACME, and is not intended to be and should not be used by anyone other than these specified parties.

f. A project schedule for performing key phases of the audit, including estimated time frames

Consistent with our prior service to the County, planning and fieldwork timelines will be coordinated with the County to be as nonintrusive as possible. We recognize the audit process is a distraction from your day-to-day operations, so we will work with management to set a more detailed timeline once we confirm a date for the final trial balance and requested documents. Based upon preliminary information provided, a suggested timeline is shown below. We can be flexible with the timeline to best meet your needs.

Regarding significant milestones and timing, our team is committed to expediting the audit to meet all County deadlines. Accordingly, at the County's first availability, we will work with management to update our 2024 audit plan to address changes related to the fiscal year ending June 30, 2025 for the timing of our audit procedures, depicted in the schedule that follows.

| Task | Dates (all 2025) |
|--|--|
| Planning meeting with County management, at their availability | No later than March 15 |
| Presentation of Prepared-By-Client (PBC) listing of schedules and information needs | No later than April 30 |
| All confirmation and information requests made, and related letters prepared | No later than May 31 |
| Financial Statement control, Uniform Guidance, Virginia compliance, Information Technology and interim work complete and final fieldwork information requests provided to the County | No later than June 30 |
| All audit fieldwork is complete | No later than October 31, with all draft reports provided to the County for review |
| All County reports issued | Between September 30 and November 15, with submission of all required reports to the APA by December 15 |
| Required communications and presentations of audit reports and letters to those charged with governance | At or after issuance of reports, at the County's convenience, but no later than the Board of Supervisors meeting in November |
| Required communications and presentations of audit reports and letters to those charged with governance | At or after issuance of reports, at the Board's convenience |
| Submission of ACFR's to GFOA | At or after issuance of reports, at the County's convenience, but no later than December 31 |
| Submission of Data Collection Form to the Federal Audit Clearinghouse | Within 30 days of issuance of the County's Uniform Guidance reporting package |
| Hold exit conferences with County management | At the County's convenience, but no later than January 31 |

Tab 6 – References

In this tab Offerors shall include a minimum of three (3) references where the Offeror has provided governmental auditing services to entities similar in size to the County, specifically those who have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The information provided shall include a contact person's names, position, current telephone number and current email address, the organization for which the contact person works, and time period the services were performed.

The best indicator of our ability to serve clients in a professional yet personalized manner is the outstanding references provided by our clients. Provided are some of our references served by members of your engagement team. Through our service, we have learned that a listing of clients is only as meaningful as the answer to this simple question – *How is your service from Cherry Bekaert?* A negative answer to this question is indicative of a shrinking client list. Whereas a positive answer is driven by a firm that consistently meets and exceeds a client's expectations with high quality, timely and cost effective audit and advisory services. As requested, we have provided reference information for a few of our clients herein — we are proud of our record and we welcome you to verify our quality service with these references for the County to contact and ask *How is your service from Cherry Bekaert?*

We encourage you to call any of the individuals listed and ask them about our services and expertise. We can provide additional references if requested.

| | |
|--|---|
| Client Name | Chesterfield County, VA |
| Scope of work – GFOA recipient | Financial and Compliance Audit Services |
| Date | 2015 - Present |
| Name, telephone number of client contact | Consuela Wilson, Director of Accounting 804.318.8750 wilsoncy@chesterfield.gov |

| | |
|--|---|
| Client Name | Fairfax County, VA |
| Scope of work – GFOA recipient | Financial and Compliance Audit Services |
| Date | 2016 - Present |
| Name, telephone number of client contact | Christopher J. Pietsch, Director of Finance 703.324.3126 christopher.pietsch@fairfaxcounty.gov |

| | |
|---|--|
| Client Name | Loudoun County, VA |
| Scope of work – GFOA recipient | Financial and Compliance Audit Services |
| Date | 2012 - Present |
| Name, telephone number of client contact | Elaine Crawford, Assistant Director / Controller 571.258.3599 elaine.crawford@loudoun.gov |

| | |
|---|---|
| Client Name | City of Virginia Beach, VA |
| Scope of work – GFOA recipient | Financial and Compliance Audit Services |
| Date | 2003 – 2016, re-engaged in 2021 |
| Name, telephone number of client contact | Lyndon Remias, City Auditor 757.385.5870 lremias@vbgov.com |

| | |
|---|--|
| Client Name | City of Suffolk, VA |
| Scope of work – GFOA recipient | Financial and Compliance Audit Services |
| Date | 2013 - Present |
| Name, telephone number of client contact | Wendy Warfel, Interim Finance Director 757.514.7504 wwarfel@suffolkva.us |

In addition, the Offeror shall furnish a copy of the report on the firm's most recent peer review and the three most recent quality control reviews as performed by the APA.

EISNERAMPER

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Report on the Firm's System of Quality Control

November 29, 2022

To the Partners of Cherry Bekaert LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cherry Bekaert LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and an examination of service organizations (SOC 2 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Cherry Bekaert LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies), or fail. Cherry Bekaert LLP has received a peer review rating of pass.



EisnerAmper LLP
Iselin, New Jersey

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.



National Peer
Review Committee

December 16, 2022

Michelle Thompson
Cherry Bekaert LLP
3800 Glenwood Ave Ste 200
Raleigh, NC 27612-5532

Dear Michelle Thompson:

It is my pleasure to notify you that on December 16, 2022, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is October 31, 2025. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,



Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Marc Fogarty, Steven Siegel

Firm Number: 900010011816

Review Number: 594133



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 30, 2024

Cherry Bekaert LLP
222 Central Park Ave
Virginia Beach, VA 23462

We have reviewed the working papers for the audit of the Hampton Roads Sanitation District, for the year ended June 30, 2023. The purpose of our review was to determine whether:

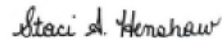
- A. the audit complies with the Specifications for Audits of Authorities, Boards, and Commissions, issued by the Auditor of Public Accounts;
- B. the audit complies with generally accepted auditing standards, as set forth by the American Institute of Certified Public Accountants, and Government Auditing Standards, issued by the Comptroller General of the United States;
- C. the audit complies with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and
- D. the annual financial report complies with generally accepted accounting principles for governmental entities.

We conducted our review in accordance with the Fiscal Year 2023 Quality Control Review Program for Audits of Local Governments and Commonwealth Entities developed by the Auditor of Public Accounts. This review was limited to the audit of the Hampton Roads Sanitation District and did not extend to other engagements performed by your firm.

We found that for the audit of the Hampton Roads Sanitation District, for the year ended June 30, 2023, the working papers appropriately supported the requirements listed in A through D above. Firms can receive a rating of pass, pass with deficiencies, or fail. Cherry Bekaert LLP has received a review rating of pass.

This report is intended for the information and use of management. However, it is a public record, and its distribution is not limited.

Sincerely,



Staci A. Henshaw
Auditor of Public Accounts

cc: Hampton Roads Sanitation District
Virginia Board of Accountancy
Virginia Society of Certified Public Accountants

Tab 7 – Exceptions

In this tab, Offerors shall list any exceptions taken to the Scope of Services and General Terms and Conditions of this Request for Proposals. The County intends to make the RFP and the Successful Offeror's proposal a part of the contract between the parties, so Offerors should list any exceptions for purposes of negotiating the contract. Offerors shall list the Section number and Item number they are taking exception to and propose alternative language.

As with any contractual relationship, Cherry Bekaert's desire to enter into a contract with the County is based on reaching a mutually positive negotiation of terms and conditions. After reviewing the RFP, we would like to offer some alternative language for your consideration.

| RFP Section | Desired Exception/Revision |
|---|---|
| V(F)(1) Termination by County | Cherry Bekaert requests rights to terminate for cause or for convenience upon 60 days written notice. |
| V(F)(2)(d) Termination by County | d. An equitable adjustment in the Contract price shall be made for unpaid services satisfactorily rendered and goods satisfactorily delivered before the date the Successful Offeror receives the notice of termination minus the County's cost to complete the Successful Offeror's work. The Successful Offeror shall not be entitled to payment for services rendered or goods delivered after the date the Successful Offeror receives the notice of termination or for reimbursement of any cost the Successful Offeror incurs after the date the Successful Offeror receives the notice of termination. If the County's cost to complete the Successful Offeror's work exceeds the unpaid balance due to the Successful Offeror, the County will not owe the Successful Offeror any money; instead, the Successful Offeror shall pay to the County the difference between the unpaid balance due and the County's cost to complete the work. |
| V(N) Indemnification | The Successful Offeror agrees to indemnify, defend, and hold harmless the County (including Henrico County Public Schools) and the County's officers, agents, and employees ("Indemnified Parties") from any damages, liabilities, and costs, including attorneys' fees, arising from any claims, demands, actions, or proceedings made or brought against one or more of the Indemnified Parties by any person, including any employee of the Successful Offeror, related to the Successful Offeror's negligent provision of the services, breach of contract or violation of law provision of any services, the failure to provide any services, or the use of any services or materials furnished (or made available) by the Successful Offeror, provided that such liability is not attributable to the sole negligence of the County. Provided, however, that the maximum aggregate liability of Successful Offeror with respect to the Contract shall not exceed the sum of five million dollars (\$5,000,000.00). |

| | |
|---|--|
| <p>V(S)(1) and (2) Record Retention and Audits</p> | <p>1. The Successful Offeror shall retain, during the performance of the Contract and for a period of five years from the completion of the Contract, all records pertaining to the Successful Offeror's proposal and any Contract awarded pursuant to this Request for Proposal. Such records shall include but not be limited to all paid vouchers including those for out-of-pocket expenses; other reimbursement supported by invoices, including the Successful Offeror's copies of periodic estimates for partial payment; ledgers, cancelled checks; deposit slips; bank statements; journals; Contract amendments and change orders; insurance documents; payroll documents; timesheets; memoranda; and correspondence. Such records shall be available to the County on demand and without advance notice upon reasonable written advance notice during the Successful Offeror's normal working hours.</p> <p>2. County personnel may perform in-progress and post-audits of the Successful Offeror's records as a result of a Contract awarded pursuant to this Request for Proposals. Files would be available on demand and without notice upon reasonable advance written notice during normal working hours.</p> |
|---|--|

Tab 8 – Assumptions

In this tab, offerors shall list any assumptions made when responding to this Request for Proposals.

Not applicable.

Tab 9 – Appendices

Optional for Offerors who wish to submit additional material that will clarify their response.

Not applicable.

Appendix – Addenda



DEPARTMENT OF FINANCE
Oscar Knott, CPP, CPPO, NIGP-CPP, VCO
Purchasing Director

Addendum No. 1

Date: December 5, 2025
Request for Proposal: #24-2773-10EMF
Receipt Date/Time: December 11, 2024; 2:00 p.m.
Subject: Questions and Answers

Ladies/Gentlemen,
Please make the following corrections, deletions and/or additions to the above referenced RFP:

All other specifications and General Terms and Conditions shall remain the same.


Offerors must take due notice and be governed accordingly. Acknowledgement of the receipt of this addendum shall be made in your proposal.

Failure to acknowledge this addendum may result in your bid being declared non-responsive.

Questions and Answers on the following pages.

Sincerely,
Eileen M. Falcone
Purchasing Manager
Fal51@henrico.gov

ACKNOWLEDGEMENT:

Signature: 
Print Name: Robert H. Churchman, CPA, CGFM
Company: Cherry Bekaert LLP
Date: December 5, 2024