

**CONTRACT FOR SERVICES
BETWEEN
CITY OF SUFFOLK, VA AND CHERRY BEKAERT LLP**

This CONTRACT ("CONTRACT"), made and entered into this, the 30th day of April 2013 by and between the **CITY OF SUFFOLK, VIRGINIA** whose principal office is the Municipal Center, 441 Market Street, Suffolk, VA 23434, hereinafter referred to as the "CITY", party of the first part, and **CHERRY BEKAERT LLP** with an office located at 222 Central Park Ave, Suite 1400, Virginia Beach, VA 23456, hereinafter referred to as the "AUDITOR", party of the second part.

CONTRACT

The CONTRACTOR did on the 8th day of March 2013 submitted a proposal to perform the services stipulated in accordance with the Request for Proposal to provide Financial and Compliance Audit Services hereinafter referred to as "PROJECT", which by reference is made a part hereof.

In consideration of the following mutual agreements and covenants to be kept by each party, the parties agree as follows:

1.0 **CONTRACT DOCUMENTS**

It is mutually understood and agreed by the parties hereto that the following documents are incorporated herein by reference the same as if each had been fully set out and attached hereto and hereinafter shall be referred to as the "Contract Documents":

Request for Proposal # 2013-00077-IC as published February 15, 2013, Addendum #1 dated February 28, 2013; Conditions of Contract (General, Special, Supplemental and other conditions as they may be titled); Proposal from Cherry Bekaert LLP, dated March 8, 2013, including the negotiated fee for services and Anticollusion/Nondiscrimination/Drug Free Workplace clauses.

Should there be conflicts among and between the Contract Documents and the final executed CONTRACT; the terms of the final executed CONTRACT shall take precedence over the Contract Documents. Should there be conflicts among and between the final executed CONTRACT and any subsequent change orders or other written modifications, the terms of the subsequent change order or other written modification shall take precedence.

2.0 **CONTRACT TERM**

This CONTRACT shall become effective when fully executed and shall be effective through March 31, 2015. The CITY reserves the right to renew the CONTRACT for three (3) additional one-year periods, terminating March 31, 2018. The right is further reserved by the CITY to not renew the CONTRACT at the expiration of any annual anniversary date by furnishing the CONTRACTOR with a sixty (60) day written notice.

3.0 SCOPE OF WORK/COMPENSATION

In consideration of the satisfactory performance of the provisions of this agreement, the CITY shall pay to Cherry Bekaert fees as stipulated in the attached Exhibit "A".

Partners and staff of Cherry Bekaert will be available throughout the term of this contract to assist CITY officials and staff upon request. There will be no additional charge for routine advice directly related to the audit services. Any services provided to respond to requests for specialized assistance involving central accounting, computerized systems, fixed asset accounting, formation of new legal entities, budgeting, planning, personnel systems or similar consulting services are available at Cherry Bekaert's standard billing rates as outlined in Exhibit "A".

- 3.1 The CONTRACTOR shall perform the annual audit and express an opinion on the fair presentation of The CITY's basic (general purpose) financial statements in conformity with governmental accounting principles generally accepted in the United States of America.

The CITY also desires the AUDITOR to provide an "in-relation-to" opinion on the supplementary information based on the auditing procedures applied during the audit of the basic financial statements. The AUDITOR is not required to audit the statistical and required supplementary information sections of the report. However, the AUDITOR shall also be responsible for performing certain limited procedures involving the required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards. Also, the AUDITOR is to provide an "in-relation-to" report on the CITY's schedule of expenditures of federal awards based on the auditing procedures applied during the audit of the financial statements.

The annual audit will encompass all the funds of the CITY, the School District's operating funds as a component unit of the CITY, as well as the School Activity Funds and the Pruden Center for Industry and Technology. The audit will also include the audit of the Economic Development Authority of the City of Suffolk and the Western Tidewater Water Authority.

- 3.2 The AUDITOR shall prepare the transmittal forms required by the AUDITOR of Public Accounts of Virginia to be submitted by the CITY pursuant to the November 30 deadline.
- 3.3 Pursuant to the Single Audit Act Amendments of 1984 the CITY is required to have an audit performed on the major federal programs of the CITY, including but not limited to Small Cities Grants under the Department of Housing and Urban Development's (HUD) Community Development Block Grant Program. The AUDITOR will be required to test internal controls and compliance for major federal award programs administered by the CITY. It is anticipated the CITY will require a Single Audit for each of the three years covered by this request.
- 3.4 The AUDITOR shall provide advice and assistance to aid the CITY in obtaining and maintaining a certificate of Achievement for Excellence in financial reporting

from the GFOA. Such assistance will include preparing a review checklist, making suggestions for compliance with certificate requirements and addressing any comments from the prior year submission.

- 3.5 The AUDITOR shall coordinate with the Finance staff to establish a timeline for the engagement to ensure that the CITY's CAFR is completed and published in a timely manner in accordance with applicable deadlines to ensure compliance with Virginia Auditor of Public Accounts transmittal requirements.
- 3.6 To meet the requirements of this request for proposals, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits set forth in the General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the federal Single Audit Act Amendments of 1984 and U.S. Office of Management and Budget (OMB) Circular A- 133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Commonwealth of Virginia Auditor of Public Accounts' *Specifications for Audits of Counties, Cities and Towns*, and *Urban Street Maintenance Funds Audit Requirements* of the Department of Highways.
- 3.7 The AUDITOR shall prepare the Financial Statements and assist staff with preparation of the Financial Statements until the CITY decides to prepare the statements without AUDITOR assistance for the following reports at the completion of the audit:
 - The Independent AUDITOR's reports on the financial statements. Independent AUDITOR's report on internal controls over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
 - Independent AUDITOR's report on compliance based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
 - Independent AUDITOR's report on internal control over compliance for major federal programs in accordance with OMB Circular A-133.
 - Independent AUDITOR's report (opinion) on compliance with requirement applicable to each major federal program in accordance with OMB Circular A-133.
 - A summary of AUDITOR's results and a schedule of findings and questioned costs, if any, required by OMB Circular A-133.
 - A separately issued Independent AUDITORS report on the financial statements for the Economic Development Authority.
 - A separately issued Independent AUDITORS report on the financial statements for the Western Tidewater Water Authority.
 - A management letter containing appropriate suggestions for improvement of accounting procedures and internal controls for the CITY's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be discussed with appropriate personnel before finalizing and prior to being submitted to the City Council.

- 3.8 Provide an estimate of the cost involved for each year's financial and compliance audit. Any cost above this estimate must be approved, in writing, by the CITY prior to the incurrence of any of these additional costs.
- 3.9 The AUDITOR, upon receipt of a written request from the CITY, shall perform such additional auditing services as may be required. This may include a review of the efficiency and economy of operations, systems of internal control, operating and management procedures and effectiveness in achieving program result. Unless otherwise specifically provided for herein, any additional compensation related to a change in the scope of the audit shall be negotiated and shall be approved as an amendment to this agreement.

Throughout the term of this agreement, additional work may be required for special projects. The amount of the maximum payment for such additional work up to \$50,000 per transaction shall be separately negotiated by the CITY's Director of Finance. Such work shall be authorized by a work order and does not require a separate amendment to this agreement.

The parties hereby agree that this agreement does not limit the CITY's right to independently contract with an independent certified public accountant to perform other audit and accounting services.

- 3.10 The AUDITOR shall provide test of compliance with City Code requirements as it relates to budgets, Finance and Taxation and actions of Council during the fiscal year.
- 3.11 The AUDITOR will provide annually, one day (8 hours) of in-house training to the CITY staff. The topics of the training will be determined by AUDITORS and staff.
- 3.12 Reporting Entity

The reporting entity of the CITY consists of all funds of the CITY (see below) and three Discretely Presented Component Units: The City of Suffolk Public Schools, the Economic Development Authority of the City, and the Western Tidewater Water Authority (WTWA).

The CITY currently has the following Fund Structure, this structure is subject to change over the course of the contract period.

<u>Fund Name:</u>	<u>Fund Type:</u>
General Fund	Governmental
Suffolk Taxing District	Governmental Special Revenue
Downtown Business Overlay	Governmental Special Revenue
Road Maintenance Fund	Governmental Special Revenue
Consolidated Grants	Governmental Special Revenue
Transit Fund	Governmental Special Revenue
Law Library	Governmental Special Revenue
Route 17 Taxing	Governmental Special Revenue
Mosquito Control	Governmental Special Revenue
Aviation Facilities	Governmental Special Revenue
Capital Improvement Projects	Governmental

Debt Service	Governmental
Utility Fund	Proprietary Enterprise Fund
Stormwater Utility	Proprietary Enterprise Fund
Refuse Fund	Proprietary Enterprise Fund
Fleet Management	Fiduciary Internal Service Fund
Information Technology	Fiduciary Internal Service Fund
Risk Management	Fiduciary Internal Service Fund
OPEB Trust	Fiduciary Agency Fund
Cemetery	Fiduciary Agency Fund
Commonwealth of VA	Fiduciary Agency Fund
Special Welfare	Fiduciary Agency Fund

5.0 CONTACT PERSON

The majority of work will be handled through Lenora Reid and/or CITY staff. She may be contacted at (757) 514-7501. Work required by other CITY departments will be managed by personnel designated by the Department requesting the work.

6.0 METHOD OF PAYMENT

CONTRACTOR shall submit invoices in duplicate for each delivery, such statement to include detailed breakdown of all charges, and shall be based on completion of tasks or deliverables.

Invoices shall be submitted to using departments.

Upon acceptance of work, the CITY will render payment within forty-five (45) days of receipt of invoice. Interest shall accrue at the rate of one percent per month. Unless otherwise provided under the terms of this CONTRACT, interest for late payments shall not exceed one percent (1%) per month.

The CONTRACTOR shall provide the CITY with their social security numbers, and proprietorships, partnerships, and corporations shall provide their federal employer identification number prior to any payments being made under this CONTRACT.

6.0 PAYMENTS TO SUBCONTRACTORS

Within seven (7) days after receipt of monies paid by the CITY for work performed by a subcontractor under this contractor, the contractor shall either:

- a. Pay the subcontractor for the proportionate share of the total payment received from the CITY attributable to the work performed by the subcontractor under this contract; or
- b. Notify the CITY and subcontractor, in writing, of his intention to withhold all or a part of the subcontractor's payment and the reason for non-payment.

The contractor shall pay interest to the subcontractor on all amounts owed that remain unpaid beyond the seven (7) day period except for amounts withheld as allowed in item b above.

7.0 CHANGES AND ADDITIONS

It shall be the responsibility of the CONTRACTOR to notify the CITY, in writing, of any necessary modifications or additions in the Scope of this CONTRACT. Compensation for changes or additions in the Scope of this CONTRACT will be negotiated and approved by the CITY in writing.

It is understood and agreed to by both the CITY and the CONTRACTOR that such modifications or additions to this CONTRACT shall be made only by the full execution of the CITY'S standard CONTRACT change order form. Furthermore, it is understood and agreed by both parties that any work done by the CONTRACTOR on such modification or addition to this CONTRACT prior to the CITY'S execution of its standard CONTRACT change order form shall be at the total risk of the CONTRACTOR, and said work may not be compensated by the CITY.

8.0 TERMINATION WITHOUT CAUSE

The CITY may at any time, and for any reason, terminate this Contract by written notice to CONTRACTOR specifying the termination date, which shall be not less than thirty (30) days from the date such notice is mailed.

Notice shall be given to CONTRACTOR by certified mail/return receipt requested at the address set forth in CONTRACTOR'S Bid Proposal or as provided in this Contract.

In the event of such termination, CONTRACTOR shall be paid such amount as shall compensate CONTRACTOR for the work satisfactorily completed, and accepted by the CITY, at the time of termination.

9.0 TERMINATION WITH CAUSE/DEFAULT/CANCELLATION

In the event that CONTRACTOR shall for any reason or through any cause be in default of the terms of this Contract, the CITY may give CONTRACTOR written notice of such default by certified mail/return receipt requested at the address set forth in CONTRACTOR'S Bid/Proposal or as provided in this CONTRACT.

Unless otherwise provided, CONTRACTOR shall have ten (10) days from the date such notice is mailed in which to cure the default. Upon failure of CONTRACTOR to cure the default, the CITY may immediately cancel and terminate this CONTRACT as of the mailing date of the default notice.

Upon termination, CONTRACTOR shall withdraw its personnel and equipment, and cease performance of any further work under the CONTRACT. In the event of violations of law, safety or health standards and regulations, this CONTRACT may be immediately cancelled and terminated by the CITY and provisions herein with respect to opportunity to cure default shall not be applicable.

10.0 NON-APPROPRIATION- AVAILABILITY OF FUNDS

It is understood and agreed between the parties hereto that the CITY shall be bound and obligated hereunder only to the extent that the funds shall have been appropriated and

budgeted for the purpose of this CONTRACT. In the event funds are not appropriated and budgeted in any fiscal year for payments due under this CONTRACT, the CITY shall immediately notify CONTRACTOR of such occurrence and this CONTRACT shall terminate on the last day of the fiscal year for which the appropriation was made without penalty or expense to the CITY of any kind whatsoever.

11.0 NON-ASSIGNMENT

Neither the CITY nor the CONTRACTOR shall assign, sublet or transfer their right or obligations in the CONTRACT without the written consent of the other; such consent shall not be unreasonably withheld. Assignment by the CONTRACTOR to any current or future parent, subsidiary, or affiliate in connection with a corporate transaction shall require the consent of the CITY.

12.0 NOTICE

Any notice, demand, or request by or made pursuant to this CONTRACT shall be deemed properly made if personally delivered in writing or deposited in the United States mail, postage prepaid, to the representative specified below or as otherwise designated in writing and mutually agreed.

Michael Coburn
Purchasing Agent
441 Market Street, Room 105
Suffolk, Virginia 23434

With a copy to: Selena Cuffee-Glenn
City Manager
441 Market Street
Suffolk, Virginia 23434

CONTRACTOR: Robert H. Churchman, CPA, CGFM
Partner
Cherry Bekaert LLP
222 Central Park Ave, Suite 1400
Virginia Beach, VA 23456

The CITY'S representative will be Lenora Reid, phone: (757) 514-47501, email: lreid@suffolkva.us or as otherwise designated in writing:

The CONTRACTOR'S representative shall be Robert Churchman, Partner, phone: (804) 673-5700, rchurchman@cbh.com or as otherwise designated in writing.

Nothing contained in this Article shall be construed to restrict the transmission of routine communications between representatives of the CONTRACTOR and the CITY.

13.0 Intentionally left blank

14.0 NON-DISCRIMINATION

During the performance of the Contract, the CONTRACTOR agrees as follows:

- a. The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the CONTRACTOR. The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- b. The CONTRACTOR, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, will state that such CONTRACTOR is an equal opportunity employer.
- c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
- d. The CONTRACTOR will include the provisions of the foregoing paragraphs a, b and c in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

15.0 DRUG-FREE WORKPLACE REQUIREMENTS

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

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

16.0 INSURANCE

The CONTRACTOR shall procure, maintain, and provide proof of insurance coverage for injuries to persons and/or property damage as may arise from or in conjunction with, the work performed on behalf of the CITY by the CONTRACTOR, his agents, representatives, employees or subcontractors. Proof of coverage as contained herein shall consist of all policies, endorsements, declaration pages and certificates of insurance and shall be submitted fifteen (15) days prior to the commencement of work

and such coverage shall be maintained by the CONTRACTOR for the duration of the contract period; for occurrence policies. Claims made policies must be in force or that coverage purchased for three (3) years after contract completion date.

- a. General Liability: Coverage shall be as broad as: Comprehensive General Liability endorsed to include Broad Form, Commercial General Liability form including Products/Completed Operations.

Minimum Limits

General Liability:

\$1,000,000 General Aggregate Limit
\$1,000,000 Products & Completed Operations
\$1,000,000 Personal and Advertising Injury
\$1,000,000 Each Occurrence Limit
\$ 50,000 Fire Damage Limit
\$ 5,000 Medical Expense Limit

- b. Automobile Liability: Coverage sufficient to cover all vehicles owned, used, or hired by the CONTRACTOR, his agents, representatives, employees or subcontractors.

Minimum Limits

Automobile Liability:

\$1,000,000 Combined Single Limit
\$1,000,000 Each Occurrence Limit
\$ 5,000 Medical Expense Limit

- c. Workers' Compensation: Limits as required by the Workers' Compensation Act of Virginia. Employer's Liability: \$1,000,000.

- d. Professional Liability –

1. The successful CONTRACTOR shall maintain an appropriate Professional Liability Insurance Policy (Policy).
2. The Policy shall include the successful offeror and the offeror's subcontractors of every tier as the offeror designated in the declarations.
3. The minimum Policy limits to be provided by the successful offeror (inclusive of any amounts provided by an umbrella or excess policy) with a minimum coverage of \$5,000,000 and the policy shall remain enforced for a period of three years from date of contract (or umbrella or excess policy with respect to it) shall apply only to claims arising out of or in connection with the work under this contract.
4. Notice of Cancellation and/or Restriction – The Contractor represents that it will use all best efforts possible, in all circumstances, to notify the City within thirty (30)days' of cancellation.

e. Coverage Provisions

1. All deductibles or self-insured retention shall appear on the declaration pages, endorsements, and/or policies provided.
2. Consistent with American Institute of Certified Public Accountants independence standards, City of Suffolk, its officers/officials, employees, agents and volunteers shall not be listed as "additional insured" as their interests may appear. A copy of all endorsements, declaration pages and policies that address additional insured shall be provided. This provision does not apply to Professional Liability or Workers' Compensation/Employers' Liability.
3. The CONTRACTOR's insurance shall be primary over any applicable insurance or self-insurance maintained by the CITY. This provision does not apply to the Professional Liability.
4. The CONTRACTOR shall make best efforts to provide 30 days written notice to the CITY before any cancellation, suspension, or void of coverage in whole or part, where such provision is reasonable. This provision does not apply to the Professional Liability.
5. All coverage for subcontractors of the CONTRACTOR shall be subject to all of the requirements stated herein.
6. All deductibles or self-insured retention shall appear on the declaration page(s), endorsement(s) and/or policies.
7. This section left intentionally blank.
8. The insurer shall agree to waive all rights of subrogation against the CITY, its' officers/officials, agents, employees or volunteers for any act, omission or condition of premises which the parties may be held liable by reason of negligence.
9. The CONTRACTOR shall furnish the CITY with all certificates of insurance, endorsements, declaration pages, and policies affecting coverage. The policy, signed by the underwriter, will be provided as requested.
10. All insurance shall be placed with insurers maintaining an A.M. Best rating of no less than an A:VII. If A.M. Best rating is less than A:VII, approval must be received from CITY'S Risk Management Director.

All coverages designated herein shall be as broad as the Insurance Services Office (ISO) forms filed for use with the Commonwealth of Virginia.

17.0 INDEMNITY / HOLD HARMLESS

The CONTRACTOR shall indemnify, defend, and hold harmless the CITY, its officials, employees, agents, and representatives thereof from any and all losses, damages, claims, fines, penalties, suits, costs, actions, or claims of any kind, including attorney's fees, brought on account of any personal injuries, or damages to property, which arise out of any acts and omissions of the CONTRACTOR, the CONTRACTOR'S agents, employees, or customers occurring in connection with the services covered herein.

18.0 RESPONSIBILITY OF CONTRACTOR

The CONTRACTOR shall, without additional costs or fees to the CITY, correct or revise any errors or deficiencies in CONTRACTOR'S performance. Neither the CITY'S review, approval or acceptance of, nor payment for any of the services required under this CONTRACT shall be deemed a waiver of rights by the CITY, and the CONTRACTOR shall remain liable to the CITY for all costs which are incurred by the CITY as a result of the CONTRACTOR'S negligent performance of any of the services furnished under this CONTRACT.

19.0 COMPLIANCE WITH FEDERAL IMMIGRATION LAW

CONTRACTOR does not, and shall not during the performance of the CONTRACT for goods and services in the Commonwealth knowingly employ an unauthorized alien as defined in the Federal Immigration Reform and Control Act of 1986.

20.0 SEVERABILITY

If any part, term, or provision of this CONTRACT, shall be found by the Court to be legally invalid or unenforceable, then such provision or portion thereof, shall be performed in accordance with applicable laws. The invalidity or unenforceability of any provision or portion of any CONTRACT document shall not affect the validity of any other provision or portion of the CONTRACT document.

21.0 CONTROLLING LAW; VENUE, PENDING/DURING LITIGATION

This CONTRACT is made, entered into, and shall be performed in the City of Suffolk, Virginia, and shall be governed by the applicable laws of the Commonwealth of Virginia without regard to its conflict of law rules. In the event of litigation concerning this CONTRACT, the parties agree to the exclusive jurisdiction and venue of the appropriate state court for the City of Suffolk, Virginia; however, in the event that the federal court has jurisdiction over the matter, then the parties agree to the exclusive jurisdiction and venue of the U.S. District Court for the Eastern District of Virginia, Norfolk Division.

The CONTRACTOR shall not cause a delay in services because of pending litigation or during litigation proceedings, except with the express, written consent of the CITY or by written instruction/order from the Court.

22.0 COMPLIANCE WITH STATE LAW; FOREIGN AND DOMESTIC BUSINESSES TRANSACTING BUSINESS IN THE COMMONWEALTH

A CONTRACTOR organized as a stock or non-stock corporation, limited liability

company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if such is required by Title 13.1 or Title 50 of the Virginia Code or as otherwise required by law. Such status shall be maintained during the term of the CONTRACT. The CONTRACTOR acknowledges that pursuant to Virginia Code § 2.2-4311.2, a public body may void any contract with a business if the business fails to remain in compliance with the provisions of Virginia Code § 2.2-4311.2.

23.0 ENTIRE AGREEMENT

This CONTRACT comprises the entire understanding between the parties and cannot be modified, altered or amended, except in writing and signed by all parties.

24.0 WAIVER

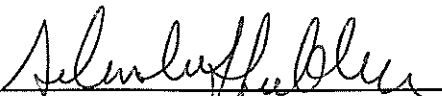
The failure by one party to require performance of any provision of this CONTRACT shall not affect that party's right to require performance at any time thereafter, nor shall a waiver of any breach or default of the CONTRACT constitute a waiver of any subsequent breach or default or a waiver of the provision itself.

SIGNATURE PAGES FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed and sealed this AGREEMENT as of the day and year first above written.

CITY OF SUFFOLK, VA


CHERRY BEKAERT LLP

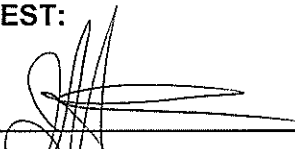
BY: 
Selena Cuffee-Glenn
City Manager

BY: 
Robert H. Churchman, CPA, CGFM
Partner

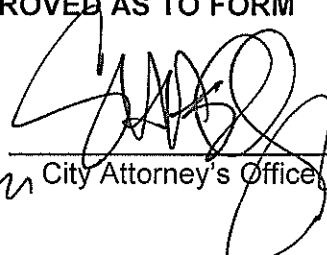
ATTEST:

ATTEST:

BY: , Deputy
Erika S. Dawley
City Clerk Tracey L. Sanford

BY: 
Print Name: Jessica Marah
Title: Marketing Manager

APPROVED AS TO FORM

BY:  SOLOMON H. ASSTBY, JR.
City Attorney's Office

CERTIFICATION OF FUNDS AND OTHER APPROVALS

I DO HEREBY CERTIFY THAT \$71,100.00 TO BE PAID BY THE CITY OF SUFFOLK, VIRGINIA TO **CHERRY BEKAERT**. UNDER THE TERMS OF THIS CONTRACT IS NOW IN THE CITY TREASURY OR IS ANTICIPATED TO BE IN THE CITY TREASURY PRIOR TO THE MATURITY OF THIS CONTRACT. SAID AMOUNT HAS BEEN PROPERLY APPROPRIATED FOR THE PURPOSE OF THIS CONTRACT AND HAS NOT BEEN PREVIOUSLY ENCUMBERED.

PROJECT: FINANCIAL COMPLIANCE AUDIT SERVICES

PROJECT MANAGER: Lenora Reid, Financial Services Comptroller

ACCOUNT NO: 100-12420-53100.02

TOTAL AMOUNT: \$71,100.00

APPROVED FOR CERTIFICATION OF FUNDS:

Ch Meek

Charles Meek, Interim Director of Budget & Strategic Planning

PROPOSAL APPROVED AS TO SUBSTANCE:

Lenora Reid

Lenora Reid, Financial Services Comptroller

APPROVAL FOR COMPLIANCE WITH PROCUREMENT PROCEDURES:

Charles Meek for Michael Coburn

Michael Coburn, Purchasing Agent

APPROVED AS TO FORM:

SAA

Solomon Ashby, Asst. City Attorney



CITY OF SUFFOLK

FINANCE DEPARTMENT/PURCHASING DIVISION

P.O. BOX 1858, SUFFOLK, VA, 23439-1858, PHONE (757)514-7520 FAX (757) 514-7524

MEMORANDUM

DISTRIBUTION

	<u>Initials</u>	<u>Date</u>
Charles Meek, Interim Director of Budget & Strategic Planning Approved As to Certification of Funds	<u>CBM</u>	<u>5/6</u>
Michael Coburn, Purchasing Agent Approved As to Procurement Regulations	<u>cm for mc</u>	<u>5/6</u>
Brian Parker, Risk Manager Approved As to Insurance Requirements	<u>BP</u>	<u>5/6</u>
Lenora Reid, Financial Services Comptroller Approved As To Content	<u>LR</u>	<u>5/6</u>
Solomon Ashby, Asst. City Attorney Approved As To Form	<u>SA</u>	<u>5/6</u>
Selena Cuffee-Glenn, City Manager	<u>SCG</u>	<u>5/7/13</u>
Erika Dawley, City Clerk	<u>OS</u>	<u>5/7/13</u>

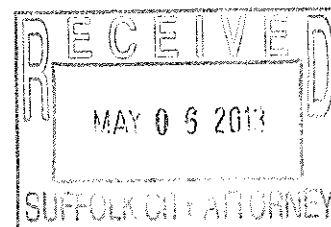
FROM: Ivy Crawford, Buyer I

DATE: May 6, 2013

RE: Financial Compliance Audit Services

Enclosed for your approval and execution are contract documents regarding the Financial Compliance Audit Services with Cherry Bekaert.

After review and approval, please forward to the next person on the distribution list and return to my attention.





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/03/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Scott Insurance (Rich) 1700 Bayberry Court Ste. 200 Richmond, VA 23226 Hutch Mauck-Richmond	Phone: 804-545-2200 Fax: 804-545-2201	CONTACT NAME: Stacey W. Hall PHONE (A/C, No., Ext): 804-545-2216 FAX (A/C, No.): 434-455-8938 E-MAIL ADDRESS: shall@scottins.com													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : Great Northern Ins Co (A++)</td> <td>20303</td> </tr> <tr> <td>INSURER B : CINCINNATI INS CO (A+)</td> <td>10677</td> </tr> <tr> <td>INSURER C : Chubb Indemnity Ins Co (A++)</td> <td>12777</td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Great Northern Ins Co (A++)	20303	INSURER B : CINCINNATI INS CO (A+)	10677	INSURER C : Chubb Indemnity Ins Co (A++)	12777	INSURER D :		INSURER E :		INSURER F :
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INSURED Cherry Bekaert LLP Ray Christopher PO Box 27327 Richmond, VA 23261-7327															

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADD'L SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC		3589-47-97 RIC	10/01/2012	10/01/2013	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. \$ 1,000,000
	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		(11)7356-41-52	10/01/2012	10/01/2013	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000		EXS 004 35 22	10/01/2012	10/01/2013	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N N/A	(13)7171-66-16	10/01/2012	10/01/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 City of Suffolk, VA is additional insured as respects general liability and automobile liability, where required by written contract. General Liability will be primary, as required by written contract. Waiver of Subrogation is provided in favor of City of Suffolk if required by written contract.

CERTIFICATE HOLDER CITYSU City of Suffolk, Virginia Municipal Center 441 Market Street Suffolk, VA 23434	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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VERIFICATION OF INSURANCE

ISSUED TO: City of Suffolk, Virginia
Municipal Center
441 Market Street
Suffolk, VA 23434

We, the undersigned Insurance Brokers, hereby verify that Nautilus Insurance Company and Interstate Fire & Casualty Company have issued the following described Professional Liability Insurance, which is in force as of the date thereof-

PROFESSIONAL LIABILITY INSURANCE

NAME OF INSURED: Cherry Bekaert LLP and others as more fully described in the Policy.
POLICY NUMBER: PAP_1000004_P-4 and ACL-1000078
PERIOD OF INSURANCE: October 30, 2012 to October 30, 2013, 12:01 a.m. both days
SUM INSURED: \$5,000,000 Each claim and in the aggregate including costs, charges and expenses

SUBJECT TO ALL TERMS, CONDITIONS AND LIMITATIONS OF THE POLICY

This document is furnished to you as a matter of information only and is not insurance coverage. Only the formal policy and applicable endorsements offer a comprehensive review of the coverage in place. The issuance of this document does not make the person or organization to whom it is issued an additional insured, nor does it modify in any manner the contract of insurance between the Insured and the Insurer. Any amendment, change or extension of such contract can only be effected by specific endorsement attached thereto. Should the above described Policy be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

Issued at Chicago, Illinois

Lemme Insurance Group, Inc.

Date: May 03, 2013

Per:


Cathy Kuehl
Vice President



March 26, 2013

Non-binding Cost Estimate

Dear Ms. Crawford and the Auditor Selection Committee:

We are pleased to submit our nonbinding cost estimate to the City of Suffolk, Virginia (City) related to services requested for the fiscal years ending June 30, 2013 through June, 30, 2015 with two options years thereafter, as detailed in Request For Proposal #2013-00077-IC. We are excited about this opportunity to form a valued relationship with the City and confirm that Cherry Bekaert possesses the resources, personnel, and commitment to the Virginia public sector to provide the high quality audit services you deserve, both today and in the future.

We understand and appreciate the City'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 and have structured our fee based on our strong desire to develop a mutually rewarding, long-term relationship with the City. In developing our non-binding cost estimate, we made the following presumptions:

- In working with the City to prepare the related financial statements, the City has electronic templates of the 2012 financial statements such that they can be rolled forward to create a shell for the 2013 statements.
- Our estimate is based on no material changes in the City's operational, regulatory or reporting 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 cost considerations.
- Our estimate is based on the City's Single Audit requiring five (5) major programs to be compliant with OMB Circular A-133 reporting requirements. If the City's major program coverage is insufficient in any year, we agree with the City that an extra cost of \$8,000 per additional Federal program over five would be incurred.

Basic Audit and Single Audit Services

Level	City	Schools	A-133	EDA	Total
Partners	87	18	20	6	131
Managers	220	34	26	12	292
Seniors	270	80	110	40	500
Staff	164	70	110	40	384
TOTAL	741	202	266	98	1,307
Fees	\$71,100	\$20,200	\$26,600	\$9,800	\$127,700

Audit	Hours	Fee
School Activity Funds	210	\$21,000
Pruden Center	98	\$9,800
Western Tidewater Water Authority	98	\$9,800



We understand the budget constraints that the City faces as they are the same stresses faced by all of our Virginia clients. Mindful of those cost concerns, we would like to negotiate keeping our audit fee the same for both fiscal year 2013 and 2014. For 2015 and beyond, as future costs will undoubtedly rise due to various factors (e.g., new required audit procedures, new accounting principles), we would like to negotiate a fee increase limit not to exceed 3% or the Consumer Price Index for all Urban Consumers average, whichever is lesser. Also as noted in our proposal, we are committed to providing eight (8) hours of CPE annually, designed specifically to meet the needs of the City and its employees, at no cost to the City.

This cost estimate is being submitted in accordance with the Virginia Procurement Act. We understand that, if we are ranked first among proposers, we will then enter into final negotiations with the City and we are confident we will arrive at a fee that is mutually acceptable.

Thank you for the opportunity to present our qualifications to the City of Suffolk, Virginia. Please contact me directly, as an authorized representative of the Firm, at my office (804.673.5733), my cell (804.647.8836) or electronically at rchurchman@cbh.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Churchman', with a large, sweeping flourish above the name.

Robert H. Churchman, CPA, CGFM
Partner