

**BERRYVILLE TOWN COUNCIL BUDGET AND FINANCE COMMITTEE
MEETING AGENDA
Berryville-Clarke County Government Center
101 Chalmers Court, Second Floor
Meeting Room C
Called Meeting
September 21, 2016
2:00 p.m.**

<u>Item</u>		<u>Attachment</u>
1. Call To Order	Erecka Gibson, Chair	
2. Discussion	Mapping of Internal Controls	1
3. Closed Session	No Closed Session scheduled	
4. Other		
5. Adjourn		

↑ Denotes an item on where a motion for action is included in the packet

Internal Controls

Note: *These procedures were documented by the client and reviewed by the auditors.*

Cash receipts

Heather Fiddler, Front Desk Clerk, receives payments at the counter, from the drop box, drive through and mail. In her absence payments may be processed by Desi Moreland, Treasurer, Debbie Boggs, Utility Clerk, Ann Phillips, Town Clerk or Nancy McGinnis, Planning Admin Assistant. Items are entered into a Logics Cash Collections batch. At the end of the day the batch is balanced and updated by Desi, she then prepares the bank deposit and takes it to the bank. Tax collections are now processed the same way.

Tax Assessments

Tax assessments are received from the Clarke County Commissioner of Revenue's office in both electronic and paper formats. The electronic file is forwarded to the tax software vendor who downloads the data into the tax billing system. Debbie Boggs, Utility Clerk verifies the data import and calculates and mails the tax bills.

Purchasing and Payroll

Purchase Order Requests are submitted by department heads. Purchase orders are generated from the requests by Desi or Nancy. PO's are then reviewed and signed by Desi and Keith Dalton, Town Manager. PO's are attached to bills and processed for payment. Payment batches are updated and checks printed. Printed checks are signed by Desi or Keith for staff and the Mayor or Recorder for Council. Signed checks are mailed by Heather or Nancy and bills filed to the vendor file.

Hourly payroll is processed bi-weekly. Department heads submit payroll to Desi. Desi enters the payroll into a spreadsheet then into Logics payroll. The data is balanced to the spreadsheet and then the payroll is calculated. Desi generates Checks and Direct Deposit statements, imports the data to the bank and transfers funds to the payroll account. Salaried payroll is processed semi-monthly. Department head payroll is reviewed and approved by Keith then processed the same as bi-weekly payroll.

Bank Reconciliations

Bank Statements are received on line from Bank of Clarke County and by mail from BB&T. Desi prepares a Bank Reconciliation Spreadsheet and balances the statements to the spreadsheet. The balanced statements are filed in a notebook.

Debt Payments

Debt Payments are made by ACH to Wells Fargo and VHDA each month.

Grant Reimbursement Requests

WWTP/Outfall Line grant reimbursement requests are received by the engineer, reviewed and signed off on then forwarded to Dave Tyrrell, Director of Utilities. Dave reviews and signs off on the requests. Dave and Desi then complete the Schedule 1. Dave forwards the Schedule 1 and supporting documentation to WQIF and VRA for funding. Once funding is verified Desi issues the checks.

FINANCE AND ADMINISTRATION STAFF REPORT

TO: KEITH DALTON, TOWN MANAGER
FROM: DESIREE MORELAND, TREASURER
SUBJECT: INTERNAL CONTROLS ENGAGEMENT
DATE: 8/26/2016
CC:

The Town Purchasing Policy requires Competitive Negotiation (RFP) for the procurement of all professional services (including accounting services) estimated over the VPPA (Virginia Public Procurement Act) limit.

The VPPA states that the method of procurement of professional services through competitive negotiation set forth in §§ 2.2-4303.1 and 2.2-4303.2 shall apply to all towns having a population greater than 3,500, where the cost of the professional service is expected to exceed \$60,000 in the aggregate or for the sum of all phases of a contract.

The Town's Small Purchase Policy outlines the competitive pricing methods to be followed for purchases not expected to exceed the VPPA limits.

UNSEALED PROPOSALS (Over \$5,000 to VPPA limit)

- The Town may obtain required goods or services using an informal Request for Proposal up to the small purchase limits set in the VPPA.
- A written determination for the use of competitive negotiation is not required for unsealed or informal RFPs.
- The solicitation should include a cover sheet, a general description of what is being sought, the factors and weights to be used in evaluation, the Town's General Terms and Conditions (either in full or by reference), and any special terms and conditions including unique capabilities or qualifications that will be required.
- Offers may be opened and evaluated upon receipt. All responses must be received at the designated location by the date and hour stated in the solicitation.
- In lieu of an evaluation committee, the buyer or end user may solely evaluate and rank offers. Upon completion of the evaluation, negotiations shall be conducted with the offerors selected.



Culpeper

Leesburg

Middleburg

Richmond

Winchester

August 9, 2016

Mr. Robert Mitchell, Jr.
Hall, Monahan, Engle, Mahan & Mitchell
9 East Boscawen Street
Winchester, VA 22601

Re: Town of Berryville, Virginia

Dear Mr. Mitchell:

This letter will confirm the engagement of Yount, Hyde & Barbour, P.C. (YHB) to assist Hall, Monahan, Engle, Mahan & Mitchell (the Firm) in a preliminary analysis of certain financial information, on behalf of your client, Town of Berryville, Virginia (the Town). We have been retained by you and all reports, communications, and work product will be submitted to you. We understand that it may be necessary for you to share with us your theories, strategy considerations, conclusions, and other thought processes that relate to this matter. Consequently, we understand that the work performed by us will be confidential, constituting a portion of your work product, and is to be regarded by us as being covered by attorney work-product privileges.

Our preliminary analysis will include reviewing a sample of the prior twelve months bank statements and accounting records, analytical procedures on revenues collected and testing of disbursements made during the period. This analysis will be completed in order to provide recommendations on further testing or analysis, including, but not limited to, expanded scope forensic accounting services or internal control policy and procedure reviews.

All workpapers or other documents used by us during the course of this engagement will be maintained in segregated files. At the completion of our engagement, the originals and all copies thereof will be returned to you, upon your written request.

Our fees in this matter are based on our hourly rates, plus administrative costs. Our fees are not contingent upon the outcome of the analysis. We reserve the right to defer rendering further services until payment on past due invoices is received. We estimate our fees for the preliminary analysis to be between \$5,000 and \$7,500. The fee estimate for the preliminary analysis does not include a full forensic audit or an assessment of internal controls.

Connecting depth and insight with community values

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We are certain that you recognize that it is difficult to estimate the amount of time that this engagement may require. The fees depend upon the time involved and upon the extent and nature of available information. Fees also depend upon the developments occurring as work progresses. It is our intention to work closely with you to structure our work so that appropriate levels of personnel from our staff are assigned to the various tasks in order to keep fees at a minimum. Any liability of ours will be limited to fees paid and in no event will our firm be liable for incidental or consequential damages.

We will submit monthly invoices showing amounts billed to the date shown on the invoice. All invoices not paid within 30 days will be subject to a one and one-half percent per month late charge.

We are not aware of any client conflicts with respect to any of the parties. Should any possible conflict come to our attention, we will advise you immediately.

The value of our firm's service to you and your client is founded, in part, upon our reputation for professionalism and integrity. Our firm has been engaged from time to time by various law firms and it may be that we are or have been engaged by firms representing clients adverse to your client in this matter. Your engagement of our firm is expressly conditioned on your agreement not to use the fact of our current or previous engagement by opposing counsel in other matters as a means of enhancing or diminishing our credibility before a trier of fact.

Any controversy, claim, or counterclaim arising out of or relating to this contract, the breach thereof, or the services performed by Yount Hyde & Barbour, P.C. shall be settled by binding arbitration before a single arbitrator in accordance with the rules of the American Arbitration Association (AAA), and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be conducted at a location within Winchester, Virginia as determined by the arbitrator. In the event an arbitration or litigation (including but not limited to any proceeding to compel arbitration) is initiated to resolve or settle any dispute or claim between the parties, the prevailing party shall be entitled to recover from the non-prevailing party or parties its reasonable costs, including but not limited to reasonable attorney's fees.

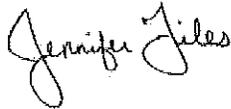
You or the court itself will advise us, with sufficient notice, of the work to be performed by us and the requirement for appearance in court, and the need for any court order approving our employment and/or compensation for services rendered and expenses incurred. You will aid us in obtaining any court orders or approval in these regards. Should information become known that would make our continued involvement in this engagement inappropriate or should the attorneys or parties involved in this litigation change, we reserve the right to withdraw from this engagement.

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If this is in accordance with your understanding and meets with your approval, please sign and date one copy of this letter in the space provided.

Very truly yours,

YOUNT HYDE & BARBOUR, P.C.



Jennifer Files, CPA, CFE, CVA, Principal

Accepted by:

_____ Date _____
Mr. Robert Mitchell, Jr.

_____ Date _____
Ms. Patricia Dickinson, Mayor, as to payment of above referenced fees