

Counties

Alamance
Caswell
Davidson
Davie
Forsyth
Guilford
Montgomery
Randolph
Rockingham
Stokes
Surry
Yadkin

Municipalities

Archdale
Asheboro
Bermuda Run
Bethania
Biscoe
Boonville
Burlington
Clemmons
Cooleemee
Danbury
Denton
Dobson
East Bend
Eden
Elkin
Elon
Franklinville
Gibsonville
Graham
Green Level
Greensboro
Haw River
High Point
Jamestown
Jonesville
Kernersville
King
Lewisville
Lexington
Liberty
Madison
Mayodan
Mebane
Midway
Mocksville
Mount Airy
Mt. Gilead
Oak Ridge
Pilot Mountain
Pleasant Garden
Ramseur
Randleman
Reidsville
Rural Hall
Seagrove
Staley
Stokesdale
Stoneville
Summerfield
Thomasville
Tobaccoville
Trinity
Troy
Village of Alamance
Walkertown
Walnut Cove
Wentworth
Whitsett
Winston-Salem
Yadkinville
Yanceyville



Piedmont Triad Regional Council Executive Committee

Agenda

Wednesday, April 3, 2013

12:00 noon

Paul J. Ceiner Botanical Gardens
215 South Main Street Kernersville, NC

Item

Official

Lunch

Please note the 11:45 a.m. start time and join us as you are able. RSVP to Cassidy Norris at (336) 761-2111 (ext. 4128) or by email at cnorris@ptrc.org. The Executive Committee RSVP telephone line may also be used at (336) 608-3580.

Cassidy Norris
Program Assistant

A. Call to Order, Welcome, and Moment of Silence

Darrell Frye
Chair

B. Approval of Minutes

Request for approval of March 6, 2013 PTRC Executive Committee Minutes (handout)

Darrell Frye
Chair

C. Presentations

- 1) Workforce Program Update

William Pass
Workforce
Development Assistant
Director

D. Action Items

- 1) Request to approve engineering study (attachment)
- 2) Arrangement for audit services (attachment)
- 3) Approval to enter into contract with the Person County Health Department (attachment)

Matthew Dolge
Executive Director

Robin Shelton
Finance Director

Jesse Day
Regional Planner II

E. Executive Director's Report

Matthew Dolge
Executive Director

F. Old Business

Darrell Frye
Chair

G. New Business

Darrell Frye
Chair

H. Informational Items

Matthew Dolge
Executive Director

I. Around the Region

At this time, Board members are asked to discuss any upcoming events or informational items that pertain to their local government or region.

Darrell Frye
Chair

J. Chairman's Remarks and Announcements

Darrell Frye
Chair

1) PTRC Board of Delegates Meeting & Groundbreaking Ceremony

*Wednesday, April 17, 2013, 11:45 a.m.
Paul J. Ceiner Botanical Gardens*

2) PTRC Executive Committee Meeting

*Wednesday, May 1, 2013
Paul J. Ceiner Botanical Gardens*

3) 2013 PTRC Meeting Dates (attached)

K. Adjournment

Darrell Frye
Chair

ACTION ITEM #1

M-E-M-O-R-A-N-D-U-M

TO: Executive Committee, Piedmont Triad Regional Council
FROM: Matthew Dolge, Executive Director
DATE: April 3, 2013
RE: Request to approve engineering study

The plans for the new administrative office building in Kernersville require that the design of the data systems be engineered to indicate required equipment necessary to support the PTRC's present and future information technology needs.

In order to design a request for proposals it is necessary to engineer the project so that all applicants are bidding on like set of equipment. The engineering study will provide a list, in priority, of the needs to support the construction of the systems required to support the building.

Specifically the engineering study will do the design work for the following elements of the IT infrastructure:

- Network cabling
- Configuration of network equipment
- Server room
- Security cameras
- AV equipment in conference rooms
- Access control system for the building

ACTION REQUESTED:

Request that the Board of Delegates approve the engineering study to be conducted by **Audio Visual Solutions**, LLC at a cost of **\$9,898.00** and direct the Executive Director to sign the contract on behalf of the Board.

Attachment: Proposal from Audio Visual Solutions, LLC

ACTION ITEM #1 CONT.

Engineering Proposal

Prepared For:



Piedmont Triad Regional Council

By:



Audio Video Solutions, LLC

March 29, 2013

This document is an estimate of the design and engineering costs for the Voice/Data, Audio/Video/Control, and Security/Card Access system to serve their new facility which will be located in Kernersville, North Carolina. This engineering proposal was prepared by Audio Video Solutions LLC of Clemmons, North Carolina (AVS) for the Piedmont Triad Council of Governments (the Council). The following is a breakdown of the projected engineering costs:

Description	Hours	Estimate
Meet with architect and/or interior designer to address their needs and to coordinate our design/engineering plans to building plans and interior layout.	3	\$ 303.00
Meet with the Councils' information technology representative to discuss their needs, address concerns about integrating any existing I.T. equipment into new design, and address any other questions or concerns.	3	303.00
Design and engineer the data network infrastructure for the building; including the infrastructure for the IP/PBX system for the voice network	14	1,414.00

ACTION ITEM #1 CONT.

and the security camera system.		
Design and engineer the data storage and retrieval system (servers, routers, switches, firewalls, gateways, redundancies, etc.).	12	1,212.00
Design and engineer the VoIP services (SIP trunks and servers, voice gateway setup, etc.).	12	1,212.00
Design and engineer the security camera system.	10	1,010.00
Description	Hours	Estimate
Design and engineer the audio/video and control system for the main floor boardroom.	16	1,616.00
Design and engineer the audio/video and control system for the main floor conference room.	6	606.00
Design and engineer the audio/video and control system for the second floor conference room.	6	606.00
Design and engineer the audio/video and control system for the second floor office meeting room.	6	606.00
Other miscellaneous engineering not otherwise itemized separately in this document.	10	1,010.00
Total estimated engineering costs	98	\$ 9,898.00

The costs listed here are estimated and cover the projected costs of labor for the design and engineering of the project. AVS may consult with external entities in the design and engineering phase of the project, and the estimated cost includes the cost of consultation with those entities.

Any questions should be directed to Mr. Will Brookshire of Audio Video Solutions, LLC. Mr. Brookshire can be reached at (336) 391-9687 or by email at avsolutions@me.com.

Signing Parties:

CONTRACTOR: Audio Video Solution, LLC Piedmont Triad Regional Council

Name: Will Brookshire

Name:

Address:

Address:

Phone No.: 336-391-9687

Phone No.:

Signatures:

ACTION ITEM #2

M-E-M-O-R-A-N-D-U-M

TO: Executive Committee, Piedmont Triad Regional Council
FROM: Robin Shelton, Finance Director
DATE: April 3, 2013
RE: Arrangement for audit services

McGladrey LLP has presented us with the letters and contract for audit services for fiscal year 2013. The letters and contract needs to have Board of Delegates approval and must also be approved by the Local Government Commission.

McGladrey proposes to complete the financial and compliance audit for the Piedmont Triad Regional Council for \$26,300 as was quoted in the original bid. The financial audit for the Piedmont Triad Development Corp. was quoted to be \$2,100.

A caveat was added stating "Any additional major programs above two (2) will be billed at \$4,200 each." For PTRC major programs could include:

- Aging – Audited for 2012
- WIA
- Section 8 Housing – Audited for 2012
- Weatherization

The contract is the second year of our three year agreement for audit services.

Please see the attached for further details:

- 1) Letter from McGladrey explaining the understanding of arrangements
- 2) Letter from McGladrey defining the objective and scope of the financial statements
- 3) Contract to Audit Accounts

ACTION REQUESTED:

Staff recommends approval of the contract and acknowledgement of the submission to the Local Government Commission.


ACTION ITEM #2 CONT. (ITEM 1 OF 3)

March 18, 2013

Board of Delegates
Piedmont Triad Regional Council
400 West Fourth Street, Suite 400
Winston-Salem, North Carolina 27101

Attention: Darrell Frye, Board of Delegates Chair

This letter is to explain our understanding of the arrangements for, and the nature and limitations of, the services we are to perform for Piedmont Triad Regional Council (Council) with respect to the electronic submission and related hard copy documents as of and for the period ended June 30, 2013. This engagement is for the sole purpose of determining whether the electronic submission of certain information through U.S. Department of Housing and Urban Development (HUD)'s Office of Public and Indian Housing – Real Estate Assessment Center (PIH-REAC) is complete and accurate as it relates to the applicable hard copy documents. The specific procedures to be performed are included as an attachment to this letter.

Engagement Services

Our engagement will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and consideration of the Consolidated Audit Guide for Audits of HUD Programs and the *Uniform Financial Reporting Standards for HUD Housing Programs*, and the *Industry User Guide for the Financial Assessment Subsystem - Multifamily Housing (FASSUB)* as agreed to by the Project and HUD's Real Estate Assessment Center (REAC).

We will not be issuing a separate report as such information is included in the audit of the Piedmont Triad Regional Council's June 30, 2013 financial audit report. The purpose of the procedures is to review the information, entered in my management, into the HUD's REAC system.

We take no responsibility for the security of the information transmitted electronically to HUD.

The procedures that we will perform are not designed and cannot be relied upon to disclose errors, fraud, illegal acts, or abuse should any exist. However, we will inform the appropriate level of management of any material errors that come to our attention and any instances of fraud, illegal acts, or abuse that come to our attention, unless they are clearly inconsequential.

Furthermore, the procedures were not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the board of delegates any significant deficiencies or material weaknesses that become known to us during the course of the engagement.

ACTION ITEM #2 CONT. (ITEM 1 OF 3)

Piedmont Triad Regional Council's Responsibilities

The sufficiency of the procedures included in the attachment is solely the responsibility of Piedmont Triad Regional Council. We make no representation regarding the sufficiency of the procedures described above either for the purpose for which these services have been requested or for any other purpose. The Council is responsible for establishing and maintaining internal controls, including monitoring ongoing activities, for the fair presentation of the electronic submission and related hard copy documents listed on the attached schedule as of and for the year ending June 30, 2013 in accordance with the HUD *Consolidated Audit Guide for Audits of HUD Programs*. The Council is also responsible for making all management decisions and performing all functions for designating individuals with suitable skills, knowledge, and experience to oversee the non-attest services we provide.

Because McGladrey LLP will rely on Piedmont Triad Regional Council and its management and Board of Delegates to discharge the forgoing responsibilities, Piedmont Triad Regional Council holds harmless and indemnifies McGladrey LLP, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of Piedmont Triad Regional Council's management that has caused, in any respect, McGladrey LLP's breach of contract or negligence. This provision will survive termination of this letter.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

The Council's Records and Assistance

If circumstances arise relating to the condition of the Council's records, the availability of appropriate evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the engagement or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Council's books and records. The Council will determine that all such data, if necessary, will be so reflected. Accordingly, the Council will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Council personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Ms. Robin Shelton, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of our services and issuance of our report.

Fees, Costs, and Access to Documentation

Our fees for the audit and accounting services described above are included with the arrangements to audit the Council's June 30, 2013 financial statements. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

ACTION ITEM #2 CONT. (ITEM 1 OF 3)

Page 3

In the event we are requested or authorized by Piedmont Triad Regional Council or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for Piedmont Triad Regional Council, Piedmont Triad Regional Council 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 expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The working papers for this engagement are the property of McGladrey LLP. However, you acknowledge and grant your consent that representatives of the Secretary of Housing and Urban Development, the HUD Inspector General, and the U.S. Government Accountability Office shall have access to the working papers upon request; and that we shall maintain the working papers for a period of at least six years after the date of the filing or for a longer period if we are requested to do so by the agency. Access to requested working papers will be provided under supervision of McGladrey LLP audit personnel and at a location designated by our Firm.

This letter constitutes the complete and exclusive statement of agreement between McGladrey LLP and Piedmont Triad Regional Council, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

If this letter defines the arrangements as the Council understands them, please sign and date the enclosed copy and return it to us. We appreciate your business.

McGladrey LLP



W. Michael Schertzinger, Director

Confirmed on behalf of the addressee:
This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Board of Delegates Chair

Date

Executive Director

Date

Financial Services Director

Date

 **ACTION ITEM #2 CONT. (ITEM 2 OF 3)**

March 18, 2013

Board of Delegates
Piedmont Triad Regional Council
400 West Fourth Street, Suite 400
Winston-Salem, North Carolina 27101

Attention: Darrell Frye, Board Chair

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of the Piedmont Triad Regional Council (PTRC), which comprise governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and other required major fund(s) as of and for the year-ended June 30, 2013 which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the basic financial statements.

The financial statements of the PTRC will also include the following sections.

- Required supplementary information (RSI), including management's discussion and analysis and the Other Post Employment Benefits' Schedule of Funding Progress and Schedule of Employer Contributions as of June 30, 2013. Such information is presented as required by the Governmental Accounting Standards Board. Our audit will not be conducted to express an opinion on these schedules.
- Supplementary information, such as individual fund statements and budgetary schedules as of June 30, 2013. Such schedules are not required as part of the basic financial statements but are presented for the purpose of additional analysis. Our audit will be conducted with the objective of our expressing an opinion that such information is fairly stated in relation to the basic financial statements as a whole.
- Other supplementary information as of June 30, 2013 presented for the purpose of additional analysis. Our audit will not be conducted to express an opinion on these schedules.

We will also perform the audit of the PTRC as of June 30, 2013, so as to satisfy the audit requirements imposed by the Single Audit Act and the U. S. Office of Management and Budget (OMB) Circular No. A-133 and the State Single Audit Implementation Act.

We will also perform an audit of the financial statements for the Piedmont Triad Regional Development Corporation, the PTRC's component unit as of June 30, 2013.

ACTION ITEM #2 CONT. (ITEM 2 OF 3)

Board of Delegates
Piedmont Triad Regional Council
March 18, 2013
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The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); "Government Auditing Standards" issued by the Comptroller General of the United States; the provisions of the Single Audit Act, OMB Circular A-133, OMB's Compliance Supplement, and State Single Audit Implementation Act of North Carolina enacted by North Carolina General Statutes. Those standards, circulars, supplements, or regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, Government Auditing Standards do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the PTRC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

We will also communicate to the governing board (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the PTRC and that are to be included as part of our audit are listed here.

- General Fund
- Special Revenue Funds:
 - Grant Projects Fund
 - Local Projects Fund

The component unit whose financial statements you have told us is to be included as part of the PTRC's basic financial statements is the Piedmont Triad Regional Development Corporation (PTRDC). The PTRDC will be disclosed through discrete presentation as a component unit, as required by Governmental Accounting Standards Board (GASB).

ACTION ITEM #2 CONT. (ITEM 2 OF 3)

Board of Delegates
Piedmont Triad Regional Council
March 18, 2013
Page 3

The federal and state financial assistance programs that you have told us that the PTRC participates in and that are to be included as part of the single audit compliance examination are similar to those shown in the PTRC's Comprehensive Annual Financial Report for the fiscal year ending June 30, 2012.

Our report(s) on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our report(s) on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- c. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
- d. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is 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 entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others;
- e. For (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting package(s); and
- f. To provide us with:
 - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - (2) Additional information that we may request from management for the purpose of the audit;
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;

ACTION ITEM #2 CONT. (ITEM 2 OF 3)

Board of Delegates
Piedmont Triad Regional Council
March 18, 2013
Page 4

- (4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
- (5) If applicable, responses to any findings reported on the schedule of findings and questioned costs.

As part of our audit process, we will request from management and when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes 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.

Management is responsible for identifying and ensuring that the PTRC complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Management is responsible for the preparation of required supplementary information (RSI) and supplementary information presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The governing board is responsible for informing us of its views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the entity.

The PTRC agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the PTRC agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. The PTRC agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the PTRC seeks such consent, we will be under no obligation to grant such consent or approval.

ACTION ITEM #2 CONT. (ITEM 2 OF 3)

Board of Delegates
Piedmont Triad Regional Council
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Our association with any proposed offering is not necessary, providing the PTRC agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The PTRC agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

McGladrey LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. McGladrey LLP, also has not performed any procedures relating to this official statement or memorandum.

Because McGladrey LLP will rely on the PTRC and its management and PTRC council to discharge the foregoing responsibilities, the PTRC holds harmless and releases McGladrey LLP, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the PTRC's management which has caused, in any respect, McGladrey LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

The PTRC of Reidsville's Records and Assistance

If circumstances arise relating to the condition of the PTRC's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdraw from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the PTRC's books and records. The PTRC will determine that all such data, if necessary, will be so reflected. Accordingly, the PTRC will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by the PTRC personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Ms. Robin Shelton, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, compliance reports and the bond order report. The independence standards of the "Government Auditing Standards" issued by the Comptroller General of the United States GAS require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Piedmont Triad Regional Council, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit service to be performed. The Piedmont Triad Regional Council has agreed that Robin Shelton, Finance Director and Jarrod Hand, Finance Manager possesses suitable skill, knowledge, or experience and that the individual understands the financial statement services to be performed sufficiently to oversee them. Accordingly, the management of the Piedmont Triad Regional Council agrees to the following:

ACTION ITEM #2 CONT. (ITEM 2 OF 3)

Board of Delegates
Piedmont Triad Regional Council
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1. The Piedmont Triad Regional Council has designated Ms. Robin Shelton, Finance Director and Jarrod Hand, Finance Manager as senior members of management, who possesses suitable skill, knowledge, and experience to oversee the services.
2. Ms. Robin Shelton, Finance Director will assume all management responsibilities for subject matter and scope of the preparation of the Piedmont Triad Regional Council's financial report, and compliance reports and the bond order report.
3. The Piedmont Triad Regional Council will evaluate the adequacy and results of the services performed.
4. The Piedmont Triad Regional Council accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the management (and those charged with governance) of the Piedmont Triad Regional Council of the objectives of the non-audit service, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit service. We believe this letter documents that understanding.

Other Relevant Information

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with Government Auditing Standards, a copy of our most recent peer review report has been provided to you.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. The fee for the services described in this letter and in the LGC-205 *Contract to Audit Accounts* issued by the Local Government Commission will not exceed the amounts shown below.

Piedmont Triad Regional Council – \$26,300
Piedmont Triad Regional Development Corporation – \$2,100

Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from PTRC personnel
- b. Timely responses to our inquiries
- c. Timely completion and delivery of client assistance requests
- d. Timely communication of all significant accounting and financial reporting matters
- e. The assumption that unexpected circumstances will not be encountered during the engagement
- f. The Scope of the engagement is unchanged
- g. No major turnover of key personnel before the audit is completed

ACTION ITEM #2 CONT. (ITEM 2 OF 3)

Board of Delegates
Piedmont Triad Regional Council
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If any of the aforementioned criteria are not met, then fees may increase. Any services performed in addition to normal audit procedures will be charged at standard rates less 20%. Additional major programs above the planned two (2) major programs will be billed at \$4,200 each. We will submit billings in accordance with the LGC-205 *Contract to Audit Accounts* issued by the Local Government Commission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the PTRC agrees it will compensate McGladrey LLP for any additional costs incurred as a result of the PTRC's employment of a partner or professional employee of McGladrey LLP.

In the event we are requested or authorized by the PTRC or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the PTRC, the PTRC 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 expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of McGladrey LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of McGladrey LLP audit personnel and at a location designated by our Firm.

Claim Resolution

The PTRC and McGladrey LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGladrey LLP or the date of this arrangement letter if no report has been issued. The PTRC waives any claim for punitive damages. McGladrey LLP's liability for all claims, damages and costs of the PTRC arising from this engagement is limited to the amount of fees paid by the PTRC to McGladrey LLP for the services rendered under this arrangement letter.

Reporting

We will issue a written report upon completion of our audit of the PTRC's financial statements. Our report will be addressed to the governing board of the PTRC. 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, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the PTRC's financial statements, we will also issue the following types of reports:

- A report on the fairness of the presentation of the PTRC's schedule of expenditures of federal and State awards for the year ending June 30, 2013.
- Reports on internal control related to the financial statements, and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.

ACTION ITEM #2 CONT. (ITEM 2 OF 3)

Board of Delegates
Piedmont Triad Regional Council
March 18, 2013
Page 8

- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a material effect, as defined by OMB Circular A-133 and the State Single Audit Implementation Act of North Carolina, on each major federal or State program.
- A schedule of findings and questioned costs.

This letter together with form LGC-205 *Contract to Audit Accounts* constitutes the complete and exclusive statement of agreement between the PTRC and McGladrey LLP, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

McGladrey LLP



W. Michael Schertzinger, Director

Confirmed on behalf of the addressee:
This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Board of Delegates Chair

Date

Executive Director

Date

Financial Services Director

Date

ACTION ITEM #2 CONT. (ITEM 3 OF 3)**CONTRACT TO AUDIT ACCOUNTS**

of the Piedmont Triad Regional Council
 Governmental Unit

On this 18th day of March, 2013, McGladrey LLP
 Auditor

230 North Elm Street, Suite 1100, Greensboro, NC 27401, hereinafter referred to as the Auditor, and
 Mailing Address

the Board of Delegates of the Piedmont Triad Regional Council, hereinafter referred to as the
 Governing Board Governmental Unit

Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2012, and ending June 30, 2013. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the LGC. If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners.
3. This contract contemplates an unqualified opinion being rendered. If financial statements are not prepared in accordance with generally accepted accounting principles (GAAP), or the statements fail to include all disclosures required by GAAP, please provide an explanation for that departure from GAAP in an attachment.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, July 2007 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the Local Government Commission prior to the execution of the audit contract. (See Item 22) If the audit firm received a peer review rating other than pass, the auditor shall not contract with any Local Government Units without first contacting the Secretary of the Local Government Commission for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end. Audit report is due on: October 31, 2013. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the Local Government Commission for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as the systems relate to accountability of funds, adherence to budget requirements, and adherence to law requirements. In addition, the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU 325 of the *AICPA Professional Standards*. The Auditor shall file a copy of that report with the Secretary of the Local Government Commission.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the Local Government Commission. This includes annual or special audits, agreed upon procedures related to Internal Control, bookkeeping or other assistance necessary to prepare the Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the Local Government Commission. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the Local Government Commission for approval. The invoices must be emailed to: lgc.invoice@nctreasurer.com Email Subject line

should read "unit name – invoice." The PDF invoice marked approved with approval date will be returned by email to the Auditor for them to present to the Local Government Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this agreement, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the Local Government Commission, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] NONE

Audit - \$26,300 for the financial and compliance audit of the Piedmont Triad Regional Council, unless the scope of the engagement is changed, the assistance which the Council has agreed to furnish is not provided, turnover of key personnel before the audit is completed, or unexpected conditions are encountered. Any such delays will be charged at standard rates. Any additional major programs above two (2) will be billed at \$4,200 each.

Preparation of the financial statements - Included in the above fee

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) auditors may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. The **75% cap for interim invoice approval for this audit contract is \$ 19,725.**

10. The auditor working with a local governmental unit that has outstanding revenue bonds will include in the notes to the audited financial statements, whether or not required by the revenue bond documents, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the Local Government Commission simultaneously with the local government's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the governmental unit and all of its component units prepared in accordance with generally accepted accounting principles, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the Local Government Commission to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Unit of Government will not be billed for the pre-issuance review. The pre-issuance review must be performed prior to the completed Audit being submitted to the Local Government Commission. The pre-issuance report must accompany the audit report upon submission to the Local Government Commission.
13. The Auditor shall electronically submit the report of audit to the Local Government Commission when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the Local Government Commission, becomes a matter of public record for inspection and review in the offices of the Secretary by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the Local Government Commission. These audited financial statements are used in the preparation of Official Statements for debt offerings (the auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the government, without subsequent consent of the auditor. If it is determined by the Local Government Commission that corrections need to be made to the unit's financial statements they should be provided within three days of notification unless, another time frame is agreed to by the Local Government Commission.

The Local Government Commission's process for submitting contracts, audit reports and Invoices are subject to change. Auditors should use the submission process in effect at the time of submission.

In addition, if the North Carolina Office of the State Auditor designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the State Auditor shall be submitted to the Local Government Commission.

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the Local Government Commission, this agreement may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the Local Government

ACTION ITEM #2 CONT. (ITEM 3 OF 3)

) the Piedmont Triad Regional Council
(name of unit)

Commission for approval. The portal address to upload your amended contract and Letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net> No change shall be effective unless approved by the Secretary of the Local Government Commission, the Governing Board, and the Auditor.

- 16. Whenever the Auditor uses an engagement letter with the client, Item 17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 22 of this contract. Engagement letters containing indemnification clauses will not be approved by the Local Government Commission.
- 17. Special provisions should be limited. Please list any special provisions in an attachment. **There are no special provisions. See also engagement letter.**
- 18. A separate contract should not be made for each division to be audited or report to be submitted. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued. **The component unit of the Piedmont Triad Regional Council is not a local government.**
- 19. The contract must be executed, pre-audited, physically signed by all parties and submitted in PDF format including unit and auditor signatures to the Secretary of the Local Government Commission. The current portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net> Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of March 5, 2012. These instructions are subject to change. Please check the NC Treasurer's web site at www.nctreasurer.com for the most recent instructions.
- 20. The contract is not valid until it is approved by the Local Government Commission. The staff of the Local Government Commission shall notify the unit and auditor of contract approval by email. The audit should not be started before the contract is approved.
- 21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the Local Government Commission.
- 22. All of the above paragraphs are understood and shall apply to this agreement, except the following numbered paragraphs shall be deleted: (See Item 16.)
- 23. **All communications regarding Audit contract requests for modification or official approvals will be sent to the email Addresses provided in the following areas.**

Audit Firm Signatures:

Firm McGladrey LLP

By: W. Michael Schertzinger
(Please type or print name)

W. Michael Schertzinger
(Signature of authorized audit firm representative)

Email Address of Audit Firm:

Michael.Schertzinger@mcgladrey.com

Date: March 18, 2013

Unit Signatures:

By _____
(Please type or print name and title)

(Signature of Mayor/Chairperson of governing board)

Date _____

Date Governing Body Approved Audit Contract – G.S. 159-34(a)

Unit Signatures (continued):

By _____
(Chairperson of Audit Committee - please type or print name)

(Signature of Audit Committee Chairperson)

Date _____
(If unit does not have an audit committee, this section should be marked "N/A.")

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

Governmental Unit Finance Officer (Please type or print name)

(Signature)

Email Address of Finance Officer:

Date _____
(Preaudit Certificate must be dated.)

ACTION ITEM #3

M-E-M-O-R-A-N-D-U-M

TO: Executive Committee, Piedmont Triad Regional Council
FROM: Jesse Day, Regional Planner
DATE: April 3, 2013
RE: Approval to enter into contract with the Person County Health Department for up to \$53,000 to provide local technical assistance to Stoneville, Alamance County and potentially Caswell County

A \$7.4 Million federal Community Transformation Grant was awarded to the State of North Carolina in 2011. The funds are aimed at improving health in the following 4 areas: 1) active living (e.g. bicycling and walking), 2) creating access to fresh and healthy food, 3) tobacco cessation and 4) access to health care. The funding is distributed to 10 health direction regions across the State. For the Piedmont Triad Regional Council member Counties; Health Director Region 5 covers Caswell, Rockingham, Guilford, Randolph and Alamance counties; Region 3 covers Surry, Yadkin, Stokes, Forsyth, Davidson and Davie and Region 6 covers Montgomery County. Here is a map of the Health Director regions:



The fiscal agent for Region 5 is located in the Person County Health Department. The Town of Stoneville and Alamance County Parks and Recreation have requested services from the PTRC planning department to support land use planning and trail planning respectively. Caswell County has also indicated an interested in completing a land use plan with support from the Community Transformation Grant, but have not decided who to contract with for the work. Stoneville and Alamance County have requested that the PTRC contract directly with the Community Transformation Grant project. A contract will need to be executed with Person County once the funding becomes available, which is expected in late April or May. An agreement for services will be executed with each member government, upfront funding will come from the Person County Health Department.

ACTION REQUESTED:

Approval to enter into contract with Person County Health.

**PTRC Board of Delegates and
PTRC Executive Committee Meeting Dates**

2013

**Paul J. Ciener Botanical Gardens
215 South Main Street
Kernersville, NC
12:00 Noon**

PTRC Executive Committee 1st Wednesday	PTRC Board of Delegates 3rd Wednesday
January – None	January – None
February – Wednesday, February 6, 2013	February, Wednesday, February 20, 2013
March – Wednesday, March 6, 2013	March – None
April – Wednesday, April 3, 2013	April - Wednesday, April 17, 2013
May – Wednesday, May 1, 2013	May – None
June – Wednesday, June 5, 2013	June - Wednesday, June 19, 2013
July – None	July – None
August – Wednesday, August 7, 2013	August - Wednesday, August 21, 2013
September - Wednesday, September 4, 2013	September – None
October - Wednesday, October 2, 2013	October - Wednesday, October 16, 2013
November - Wednesday, November 6, 2013	November – None
December - Wednesday, December 4, 2013	December - Wednesday, December 18, 2013