

FORSYTH COUNTY

BOARD OF COMMISSIONERS

MEETING DATE: JULY 15, 2013 AGENDA ITEM NUMBER: 5

SUBJECT: RESOLUTION AUTHORIZING EXECUTION OF A CONTRACT BETWEEN FORSYTH COUNTY AND CHERRY BEKAERT LLP FOR INFORMATION TECHNOLOGY CONSULTING SERVICES TO FACILITATE IMPLEMENTATION OF THE NORTH CAROLINA PROPERTY TAX SYSTEM

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS: Recommend Approval

SUMMARY OF INFORMATION:

See attached

ATTACHMENTS: YES NO

SIGNATURE: *J. Dudley Atkins, Jr. /cdh* COUNTY MANAGER DATE: July 11, 2013

**RESOLUTION AUTHORIZING EXECUTION OF
A CONTRACT BETWEEN FORSYTH COUNTY AND
CHERRY BEKAERT LLP FOR INFORMATION TECHNOLOGY
CONSULTING SERVICES TO FACILITATE IMPLEMENTATION OF THE
NORTH CAROLINA PROPERTY TAX SYSTEM**

BE IT RESOLVED by the Forsyth County Board of Commissioners that the Chairman or County Manager and Clerk to the Board are hereby authorized to execute, on behalf of Forsyth County, the attached contract between Forsyth County and Cherry Bekaert LLP in the amount of \$32,400 for information technology consulting services to facilitate implementation of the North Carolina Property Tax System to be used for property tax assessments, billing and collection services, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney. The original contract is incorporated herein by reference.

BE IT FURTHER RESOLVED that the County Manager is hereby authorized to execute on behalf of Forsyth County subsequent contracts or contract amendments with this provider for these services within budgeted appropriations in current and future fiscal years if these services are necessary.

Adopted this the 15th day of July 2013.

June 18, 2013

Mr. Paul L. Fulton, Jr.
Chief Financial Officer
Forsyth County, North Carolina
201 North Chestnut Street
Winston-Salem, North Carolina 27101

Dear Mr. Fulton:

This proposal outlines Cherry Bekaert LLP's ("Cherry Bekaert") understanding of the scope of work for IT consulting services for Forsyth County, North Carolina (the "County") and sets forth the nature and scope of the services we will provide, work plan for reviewing the implementation process for the new North Carolina Property Tax System ("NCPTS" or the "System"), professional fees and other dedicated services team assigned to this consulting engagement.

The services under this proposal letter will be performed in accordance with the Statement on Standards for Consulting Services (SSCS) issued by the American Institute of Certified Public Accountants (AICPA).

Summary of Services

The County is in the process of implementing a new System used for property tax assessments, billing and collection services. The implementation of the NCPTS System will have a significant impact to the financial reporting process and the financial statement audit. As part of the pre-implementation review we will provide independent ongoing advice throughout the project. Our goal will be to identify key risk or issues early on to enable to project team to proactively mitigate risk. Procedures performed will also be relied upon in the performance of the financial statement audit for FY 2014. The County would like to engage Cherry Bekaert to:

- ▶ Perform a pre-implementation review to ensure that proper internal controls related to the Systems Development Life Cycle (SDLC) are followed as part of the system implementation as outlined in Phases I & II in **Exhibit A**.
- ▶ Perform a post-implementation review to review the design and implementation of IT general controls supporting the NCPTS system and perform test of operating effectiveness of SDLC controls as outlined in Phases III, IV & V of **Exhibit A**.

We will review management's internal control documentation and processes as outlined above, and in **Exhibit A**, using the Control Objectives for Information Technology (COBIT¹) as the agreed upon framework. If, as a result of our procedures, we identify other processes critical to the NCPTS system, we will obtain your approval before proceeding with our review. You are responsible for determining the scope of our review, evaluating the adequacy and results of the services performed and accepting responsibility for such services.

¹ Control Objectives for Information Technology (COBIT) is a widely used framework promulgated by the IT Governance Institute, which defines a variety of IT General Control objectives, application control objectives and recommended evaluation approaches.

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Upon completion of our review, we will communicate the results of the engagement in a formal report describing our observations and recommendations. You are responsible for making all management decisions and performing all management functions, establishing and maintaining internal controls, including monitoring ongoing activities. In addition, you are responsible for designating an individual with suitable skill, knowledge, or experience to oversee the services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

This report will be used by Management and those charged with governance for internal purposes only and will not be distributed to outside parties for any purposes. Should you require the report for third-party use, we would be pleased to discuss with you the requested level of service. Such engagements would be considered separate and not deemed to be part of the services described in this engagement letter.

We will not express any form of assurance on the effectiveness of internal controls, the financial statements, or any other matter. Additionally, our engagement cannot be relied upon to detect or disclose all errors, irregularities, or illegal acts, including but not limited to fraud, embezzlement or defalcations that may exist.

Our report will include a list of the procedures performed and the related findings. Our report will also contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We have no responsibility to update our report for events and circumstances occurring after the date of such report.

Professional Fees

Fees are based upon the standard billing practices of the Firm, considering hourly rates for personnel working on the engagement, hours incurred to complete the engagement, and the complexity of the engagement. The estimated fee below contemplates only the services described in the Summary of Services section of this letter and corresponding Phases in Exhibit A. Bios for proposed service team can be found in Exhibit B. If Management requests additional services not listed above, we will provide an estimate of those fees prior to commencing additional work.

IT Consulting Services	Hourly Rate	Estimated Hours	Total Estimated Fees
Pre-Implementation Review	\$180	100	\$18,000
Post-Implementation Review	\$180	80	\$14,400

Thank you again for the opportunity to submit our proposal. We look forward to hearing from you.

Thank you,

CHERRY BEKAERT LLP



Eddie Burke
Partner

Exhibit A - Engagement Phases

Pre-Implementation

Phase I – Assess IT SDLC Control Design Effectiveness.

- ▶ Review the Project Plan, Test Plan, Implementation Plan and relevant Risk Assessments related to the project
- ▶ Identify and interview key stakeholders in the project.
- ▶ Review the process mapping procedures for business processes.
- ▶ Review the process mapping procedures for key controls.
- ▶ Review the training process and end user manuals.
- ▶ Review interface testing procedures.
- ▶ Review data conversion and testing and verification procedures.
- ▶ Review error tracking and escalation procedures.
- ▶ Review Go/No Go Live protocol.
- ▶ Design effectiveness procedures will include inquiries, observations, inspection of evidence of controls to verify that they are properly designed and in place.
- ▶ Perform quality review of results with management and verify findings.

Phase II – Report Results, Findings and Remediation:

- ▶ Prepare formal report containing executive summary, scope and findings and recommendations. Agree on IT SDLC remediation plan with County Management.
- ▶ Conduct closing meeting(s) with County Management as appropriate.

Post-Implementation

Phase III – Assess IT SDLC Operating Effectiveness:

- ▶ Review and test System Development Lifecycle controls (Review adequacy of user acceptance testing (UAT), test plans, test environment, parallel testing, cut over, interface testing, and data conversion testing and verification) against related control objectives.
- ▶ Test of Control (TOC) procedures will include inquiries, observations, inspection of evidence of control activities and re-performance of the controls to determine if they are operating effectively.
- ▶ Perform quality review of TOC results and verify findings.
- ▶ Evaluate findings and provide County management with assessment of operating effectiveness on a control by control basis.

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Phase IV – Assess IT General Control Design Effectiveness (ITGCs):

- ▶ Gain sufficient understanding of the business systems and related programs to understand control objectives and configured controls.
- ▶ Review ITGC in place to support the operation of the NCPTS System.
- ▶ Verify key control descriptions and assess key control design effectiveness against the related control objectives including: IT Entity Level Controls, Back-up and Recovery, Logical Access, Network Security, and Program Change Management.

Phase V – Report Results, Findings and Remediation:

- ▶ Prepare formal report containing executive summary, scope and findings and recommendations. Agree on ITGC remediation plan with County Management.
- ▶ Conduct closing meeting(s) with County Management as appropriate.

Exhibit B – Service Team Bios

Neal Beggan, CISA, CRISC, CRMA – Principal, Director IT Audits

Neal will serve as Director of IT Services for the engagement and will be responsible for performing various quality assurance procedures to ensure that our IT audit practices are performed in a consistent manner and in compliance with firm standards across all in scope locations.

Neal is a Principal and Director of IT Audits for the Risk Advisory Services (RAS) Group of Cherry Bekaert LLP. With the professional designation as a Certified Information Systems Auditor (CISA), Certification in Risk Management Assurance (CRMA), Certified in Risk and Information Systems Control (CRISC), and Certified Risk Management Analyst he has over 13 years of IT audit, consulting and compliance experience. He has performed information technology reviews in the following compliance areas: Sarbanes-Oxley 404, FISCAM, OMB A-130 and SSAE 16 (formerly SAS 70).

Prior to joining Cherry Bekaert, Neal worked at an international accounting and management firm as an IT manager where he was responsible for managing Sarbanes-Oxley 404 assistance projects for accelerated and non-accelerated filers across numerous industries. He provided end-to-end project management for clients to ensure compliance with Sarbanes-Oxley 404 requirements, performed walkthroughs, testing and remediation for IT entity level controls, IT general controls and IT application controls, assisted in the design and implementation of baseline IT processes and controls and streamlined IT control processes, reducing the number of key controls, and improving the efficiency of testing the controls. In addition, Neal managed co-sourced internal audit projects for profit and non-profit organizations and was responsible for completing assessments to identify key IT and business risks and recommending practical solutions to mitigate those risks; performing operational audits to identify cost savings and revenue opportunities; and, improving existing Internal Audit Methodologies in the areas of Information Technology for large corporations. He also was responsible for leading corporate-wide training on all IT Audit practice lines and Sarbanes Oxley IT custom developed methodology.

Neal was also an IT Audit Senior with Ernst & Young's Technology and Security Risk Services practice. He managed and led engagement teams for E&Y IT audits and Sarbanes-Oxley 404 assistance projects in technology, healthcare, financial services, insurance and investment trusts, manufacturing and retail, government, and defense industries.

Neal is an active member of the ISACA and the IIA.



Specialties:

IT Audit
FISCAM
NIST
SSAE 16
Internal Audit
A-130/NIST/FISMA

Education:

Bachelor of Business
Administration in Finance
with a concentration in
Computer Information
Systems (the System) from
James Madison University

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Millie Washburne, CISA – IT Audit Manager

Millie is an Audit Manager in the Risk Advisory Services (RAS) Group of Cherry Bekaert LLP. With the professional designation as a Certified Information Systems Auditor (CISA), she has over 7 years of IT audit, consulting and compliance experience. She has led and served on financial statement audits, internal audits, fraud investigations, SSAE 16 audits, Sarbanes-Oxley compliance and IT control reviews. Additionally, Millie has worked in conjunction with the financial audit teams in documenting the information systems control environment and performs routine site visits in accordance with the SAS 112 and SAS 109 standards.

At Cherry Bekaert, Millie is responsible for the staffing of RAS engagements firm-wide. Per project, she is responsible for planning and leading teams responsible for the execution of engagement work in addition to specialized fieldwork performance where greater expertise and experience is required. Her experience includes:

- ▶ IT Audit in support of Financial Statement Audits (SAS 109 and SAS 112) for Financial Institutions, State and Local governments, Hospitals, Universities and County-wide Schools Systems throughout the Southeast. While on these projects, Millie is responsible for planning, performing, and successful completion of the systems-based portion of these audit engagements.
- ▶ SSAE 16 (formerly SAS-70) engagements for various industries including financial institutions, trust companies, IT service providers, Employee Benefit processors, billing and claims processing. Millie serves as the lead auditor and liaison with the client to coordinate, plan, and complete the audit. Responsibilities include evaluating the design on internal controls, designing tests of controls and providing recommendations to management.
- ▶ Millie has performed SOX 404 work for several Financial Institutions and Manufacturing clients throughout the Southeast. Responsibilities include key control identification and testing, reporting of deficiencies, and testing for remediation. Millie serves as the main point of contact on these engagements for scheduling, planning and ensuring client service.

Millie is a CISA and an active member of ISACA.



Specialties:

IT Audit

Internal Controls

SSAE 16

Education:

Bachelor of Science in

Business Administration with
a concentration in

Accounting and a Master's of
Science in Accounting with a
concentration in Information

Systems from the University

of North Carolina at

Wilmington

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Amanda Ai, CMA, CFM – Risk Advisory Services Senior

Amanda is a Senior Associate and a member of Cherry Bekaert LLP's Risk Advisory Services Group. As a Certified Public Accountant, Amanda has over 7 years of experience in internal control optimization, business process redesign and risk management services for financial service institutions, commercial business companies, public sector entities and technology clients. Additionally, she holds the professional designations as a Certified Management Accountant (CMA) and Certified Financial Manager (CFM).

Prior to joining Cherry Bekaert, Amanda worked for three multi-national companies where she oversaw global subsidiaries internal and external auditing, reviewed and redesigned internal control procedures, and executed risk assessment and Sarbanes-Oxley compliance testing. Amanda's experience also includes global budgeting and forecasting, variance analysis, US GAAP/IFRS conversion and financial modeling and reporting.

Specialties:

IT Audit

Internal Controls

SSAE 16

Education:

Bachelor of Arts in

Management from Wuhan

University

Master of Accounting from

the University of Missouri, St.

Louis.