

Finance & Administration Committee Meeting
June 18, 2024
4:00 p.m.

1. Presentation – Mark Herbison
2. TIFF – Policy Discussion
3. A2H Contract – 2022 CDBG Blight Removal
4. Audit Contract
5. 2024-25 Budget Discussion



June 4, 2024

Honorable Jan Hensley
Mayor, City of Covington
City of Covington, TN
200 Washington Avenue
Covington, TN 38019

Re: City of Covington, TN
2022 CDBG Blight Removal
Group 1
Covington, TN

A2H # 23412

Dear Mayor Hensley,

A2H is pleased to submit our Contract for design and consulting related services for this project. As an integrated Engineering, Architectural and Planning firm, A2H offers all services required to successfully complete this project. If you agree with the terms as outlined within the enclosed Contract, please acknowledge your acceptance by signing and dating the Contract and initialing the Terms and Conditions in the spaces indicated and return one executed Contract to our office.

If selected, please note that Jeff Eakes will serve as Project Manager for this project and will be your contact person in our office. If you have any questions or require additional information, please do not hesitate to contact either me or Jeff at any time.

Thank you for giving us the opportunity to submit this Contract.

Sincerely,
A2H, INC.

Logan E. Meeks, PE
President | Principal

Jeff Eakes, RA
Senior Architect | Project Manager



June 4, 2024

Honorable Jan Hensley
Mayor, City of Covington
City of Covington, TN
200 Washington Avenue
Covington, TN 38019

Re: City of Covington, TN
2022 CDBG Blight Removal
Group 1
Covington, TN

A2H # 23412

Dear Mayor Hensley,

A2H is pleased to respond to your request for Professional Services on the above referenced project. By way of this Contract, we are enclosing our understanding of the scope of work required for the project and shall perform the Professional Services upon the terms and conditions set forth in this letter.

I. The following represents our understanding of the project description:

A2H will be responsible for professional design and consulting services necessary for the City of Covington 2022 CDBG Blight Removal Group 1 proposed in Covington, TN.

Additional aspects of the project include the following:

- A. A2H will develop the documentation for the sites to be demolished. The sites identified as part of the Blight Removal Project Group 1 are identified below:
 - i. 100 Spring Street East
 - ii. 420 Haynie Street
- B. A2H will provide a written description of the demolition work for each of the properties.
- C. A2H will procure and manage a specialty consultant to provide a Hazardous Material Survey and Report for two properties identified in the removal project. The survey will identify asbestos containing building materials, lead-based paint, mold, and a summary of building components comprised of other hazardous materials that require special handling or removal prior to building demolition. The report will contain site observations, sample results, a photographic log and site plans noting sample locations, locations of asbestos containing building materials, lead-based paint, mold and a summary of building components comprised of other hazardous materials. The sites identified as part of the Blight Removal Project to have a Hazardous Material Survey and Report provided are identified below:
 - i. 100 Spring Street East
 - ii. 420 Haynie Street
- D. A2H will create separate Bid Packages for each property that is to have demolition work.

- E. A2H will put together a Bid Advertisement and submit it to the Covington Leader on behalf of the City of Covington.
- F. A2H will answer questions during the Bid Process, and provide assistance to the City in Opening the Bids.
- G. A2H will assist City of Covington Code Enforcement on an as needed basis during the demolition.

II. It is our understanding that the Basic Scope of Services includes:

A2H will provide the following as part of our Basic Scope of Services, working closely with City of Covington, TN to provide these services in support of the project:

- Project Management
- Hazardous Materials

The phases described below represent our understanding of the project requirements as indicated by the Client:

Demolition Documents

- A. Working with City of Covington Code Enforcement, A2H will review the sites to be demolished, and create a write up describing the demolition work.
- B. Commercial properties will be checked for visible signs of mold, asbestos, and lead based paint by A2H's Consultant Tioga Environmental. A descriptive plan for removal will be provided.
- C. A single Bid Package will be created for each property to be demolished.
- D. Each Bid Package will be submitted to ECD for approval.

Hazardous Material Assessment Survey and Report

- A. A2H will procure and manage a specialty consultant in support of the demolition document phase to provide Hazardous Material Surveys. The Hazardous Material Assessment Survey shall be provided by Tioga Environmental Consultants. The services performed per formed by Tioga shall be in general conformance with state and federal requirements and will consist of the following:
 - i. The Properties will be visually surveyed and samples of suspect asbestos containing materials (ACM) will be collected by a State of Tennessee Certified Asbestos Inspector. A minimum of three samples will be collected from each homogenous area. These samples will be delivered to a NVLAP certified laboratory for analysis by polarized light microscopy (PLM).
 - ii. ASTM/AHERA protocol will be used in the sampling and assessment of suspect ACM. "Positive Stop" analytical procedures shall be used for this project.
 - iii. Field sketches will be used to mark sample locations and extent of ACM and converted to CAD drawings. Rough quantities and current condition of materials will also be noted. A photograph will be taken of each suspect asbestos homogeneous area identified.
 - iv. Tioga's State of Tennessee certified inspector will also test representative and accessible painted or coated surfaces for lead content in the Properties using a Heuresis Pb200i Lead Paint X-ray Fluorescence Analyzer (XRF). Scraping painted surfaces will not be required with the use of this technology.
 - v. An inventory of other hazardous building materials will also be performed. This survey will identify building components that require special handling or removal prior to

- building demolition. Hazardous building materials include but are not limited to, mercury containing bulbs and thermostats, PCB ballasts and switches, refrigerants, etc.
- vi. Tioga will perform a visual inspection of the Properties to identify mold impacted surfaces.
 - vii. Upon completion of the inspection, Tioga will prepare Hazardous Material Assessment Reports containing site observations, sample results, a photographic log and site plans noting sample locations, locations of asbestos containing building materials, lead-based paint, mold and a summary of building components comprised of other hazardous materials.
 - viii. Tioga will also prepare a specification section for hazardous material management including asbestos abatement for incorporation into A2H's Contract Documents.

Bidding

- A. A2H will assist Tipton County with bidding the project by putting together the Bid Advertisement, and answering questions in the form of an addendum during the Bid period.
- B. A2H will conduct a Pre-Bid Conference to discuss projects with interested bidders.
- C. A2H will assist in the Opening of the bids.

Construction Administration

- A. A2H will be available on an hourly basis during the demolition phase to assist the City of Covington Code Enforcement in demolition related questions.

III. Exclusions from our Basic Scope of Services are as follows:

Services not set forth above as Basic Scope of Services in this Contract are excluded from the scope of our work and we assume no responsibility to perform such services, including but not limited to:

- A. Services required because of significant changes in the project, including changes in size, quality, complexity, schedule or methods of bidding.
- B. Plan review fees required by local or state entity, application fees and/or permit fees.
- C. Phase I and/or II Environmental Site Assessment.
- D. Off-site improvements not specifically referenced in the Basic Scope of Services.
- E. Construction Administration or Final Review of Properties post demolition.
- F. Quality Assurance Testing services including, but not limited to testing and special inspections.

IV. Our proposed schedule of deliverables for the above referenced Basic Scope of Services is as follows:

A. A2H will provide the Client with a schedule for phase deliverables and construction within two weeks of the Notice To Proceed.

B. The following is a preliminary anticipated schedule:

June 12, 2024	Anticipated Notice To Proceed from Client.
July 17, 2024	The Demolition Documents phase is to be completed within five weeks after Notice to Proceed.
July 10, 2024	Hazardous Material Assessment Survey and Report phase is to be completed within four weeks after Notice To Proceed.
July 18, 2024	Advertise in the Covington Leader
August 8, 2024	Bidding phase is to be completed within three weeks after Client approval of Demolition Documents phase.
September 5, 2024	Sign Demolition Contracts with the Successful Bidder.
October 3, 2024	Project Completion Date

V. Our proposed compensation for the above referenced Basic Scope of Services is as follows:

Demolition Documents	\$	7,500.00
Hazardous Material Assessment Survey and Report	\$	9,200.00
Bidding	\$	1,800.00
Construction Administration	\$	Hourly
Compensation for Basic Scope of Services	\$	18,500.00
Reimbursable Expense Fee (Courier Service, Mileage, and Printing)	\$	200.00
Reimbursable Fee (Plans Review, Bid Advertisement)		Direct Cost + 15%

VI. Additional Services:

Additional services shall consist of all services not included in the Basic Services as set forth above. No work will be performed beyond the services noted above without an express written agreement between A2H and City of Covington, TN. Additional Services will be billed either on an hourly basis in accordance with the hourly rate schedule contained herein, or a negotiated fixed fee based on the scope of additional services requested. The A2H Hourly Rate Schedule is as follows:

STAFF MEMBER	LEVEL I	LEVEL II	LEVEL III
Principal	\$ 200.00	\$ 215.00	\$ 230.00
Project Manager	\$ 140.00	\$ 160.00	\$ 180.00
Project Coordinator	\$ 85.00	\$ 95.00	\$ 105.00
Architect	\$ 140.00	\$ 160.00	\$ 180.00
Senior Designer	\$ 120.00	\$ 135.00	\$ 150.00
Construction Administrator	\$ 90.00	\$ 100.00	\$ 120.00
Designer	\$ 95.00	\$ 105.00	\$ 115.00
BIM/CAD Technician	\$ 80.00	\$ 90.00	\$ 110.00
Administrator	\$ 65.00	\$ 75.00	\$ 90.00

This Contract and the Terms and Conditions attached hereto and incorporated herein satisfactorily set forth your understanding and the agreement between us. This Contract will be open for acceptance for 30 calendar days. We certainly look forward to working with you on this project and thank you for giving us the opportunity to submit this Contract.

If you have any questions, please call.

Sincerely,
A2H, INC.



Logan E. Meeks, PE
President | Principal

Attachment: Terms and Conditions

This Contract entered into as of the day and year written below.

AGENT FOR: CITY OF COVINGTON, TN

ACCEPTED BY: _____

DATE: _____

TITLE: _____

TERMS AND CONDITIONS

1. The parties agree that **CITY OF COVINGTON, TN** is solely responsible for payment in accordance with the following terms. A2H, Inc. (hereinafter sometimes "the Consultant") shall submit monthly invoices for work in progress. Payment shall be due upon receipt. Invoices more than 30 days old will be subject to a finance charge of 1.5% per month. The Consultant shall have the right to cease work if payment is not received within 45 days of each invoice. In addition, **CITY OF COVINGTON, TN** agrees to pay any and all legal expenses and other costs incurred in the collection of any overdue amount.
2. **CITY OF COVINGTON, TN** shall reimburse the Consultant all expenses incurred for courier service, (e.g., Federal Express, United Parcel Service, etc.) mileage, travel, and printing. Mileage shall be reimbursed at the current IRS standard mileage rate. Reimbursable Expenses Fee shall be billed as a flat rate per Section V of the contract.
3. In the event of any litigation arising from or related to this Contract or the services provided under this Contract, the "prevailing party" shall be entitled to recover from the "non-prevailing party" all reasonable legal expenses and attorney's fees incurred in such litigation. For the purposes of this provision, a party asserting a claim shall be considered the "prevailing party" only if it recovers 50% or more of the amount claimed. If it does not, the claimant shall be the "non-prevailing party."
4. **CITY OF COVINGTON, TN** shall make no claim for professional negligence, either directly or by way of a cross complaint against the Consultant unless **CITY OF COVINGTON, TN** has first provided the Consultant with a written certification executed by an independent Consultant currently practicing in the same discipline as the Consultant and licensed in the State of the project. This certification shall: a) contain the name and license number of the certifier; b) specify the acts or omissions that the certifier contends are not in conformance with the standard of care for a consultant performing professional services under similar circumstances; and c) state in detail the basis for the certifier's opinion that such acts or omissions do not conform to the standard of care. This certification shall be provided to the Consultant not less than thirty (30) calendar days prior to the presentation of any claim or the institution of any arbitration or judicial proceeding. This Certificate of Merit clause takes precedence over any existing state law in force at the time of the claim or demand for arbitration."
5. The Consultant shall commence services within seven (7) days of receiving executed acceptance of this Contract from **CITY OF COVINGTON, TN** along with all project information needed to commence services. The Consultant shall perform the work with due diligence commensurate with sound professional practice.
6. The Consultant shall be responsible for the design of the items listed in the scope of services only. Responsibility for any other site requirements, structures (dumpster pad and walls, transformer pads, etc.) or utilities not specifically mentioned in the scope of services or shown on the drawings produced by the Consultant shall be borne by **CITY OF COVINGTON, TN** or its consulting architect.
7. In preparation of Contract Documents, the Consultant is entitled to rely upon the accuracy and completeness of information (electronic or otherwise) furnished by **CITY OF COVINGTON, TN**, or its independent consultants. Such information includes but is not limited to topographic and/or boundary surveys, grading and drainage plans, building information, geotechnical reports, dimensions of existing construction, property data, and zoning and land use information. The Consultant is not responsible for recommendations or criteria provided in the geotechnical report. Such recommendations include, but are not limited to, foundation design criteria, anticipated movement criteria, and proposed construction methods.
8. Notwithstanding any other provision of this Contract or the parties' contract, in providing services under this Contract, the Consultant shall endeavor to perform in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances.
9. Demolition Documents are by necessity drawn to a small scale and in many cases schematic in nature. Construction Documents cannot be perfectly prepared. Drawings and specifications continually need to be interpreted and clarified, and sometimes must be corrected or updated. Accordingly, if **CITY OF COVINGTON, TN** does not engage the Consultant for full customary Construction Administration of this Project, **CITY OF COVINGTON, TN** agrees to indemnify, release and hold harmless the Consultant and its employees and consultants from and against any claims of liability arising from defects in the design and/or construction work.
10. In the event **CITY OF COVINGTON, TN** should require Consultant to perform construction administration services, **CITY OF COVINGTON, TN** acknowledges that the purpose of construction observation by the Consultant is to ascertain in general whether the work when complete will be in substantial compliance with the Contract Documents. In no event shall the Consultant perform exhaustive or continuous inspection. The Consultant is not responsible for, and shall not have control of construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with the construction work, nor will it be responsible for the Contractor's failure to carry out the construction work in accordance with the Contract Documents. The Consultant shall not be responsible for, nor have control or charge over the acts or omissions of the Contractor, Subcontractor, nor any of their agents or employees, or any other person performing any of the construction work. The Consultant shall not have the authority nor the responsibility to supervise or direct the construction work.
11. **CITY OF COVINGTON, TN** acknowledges the reports, plans, specifications, field data and notes and all other documents prepared by the Consultant, including all documents on electronic media, are instruments of professional service that shall remain the property of the Consultant. **CITY OF COVINGTON, TN** shall not reuse, make, or permit to be made, any modifications to the plans and specifications without the prior written authorization of the Consultant. **CITY OF COVINGTON, TN** agrees to indemnify, release, and hold harmless the Consultant from any claims arising from any unauthorized reuse or modification of the plans and specifications.

Initials

Date

12. The Consultant makes no warranties, either expressed or implied, of merchantability, fitness for use for any particular purpose, or of any other nature or type. In no event shall the Consultant be liable to **CITY OF COVINGTON, TN** for any loss of profit, loss of use, or any other consequential damages.
13. If there are protracted delays for reasons beyond the control of the Consultant, the Consultant's compensation shall be equitably adjusted.
14. Neither party to this Contract shall transfer, sublet or assign any rights under or interest in this Contract (including but not limited to monies that may be due) without the prior written consent of the other party. The Consultant shall be permitted to subcontract portions of the professional services required under this Contract to properly qualified subconsultants.
15. This Contract may be terminated by either party upon seven days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. In the event of termination, by either party, the Consultant shall be paid for all services rendered and all reimbursable expenses up to and through the date of termination.
16. The fees charged by the Consultant have been structured in part in reliance upon the agreement and covenant of the **CITY OF COVINGTON, TN** that the liability of the Consultant for any defects in the services provided hereunder shall be limited to the total fee the Consultant charged for services rendered on the project.
17. In the event of defects in the services performed by the Consultant for which the Consultant is liable to **CITY OF COVINGTON, TN**, the measure of damages may include the cost of remediation work but shall not include the cost of work that adds value to the project for which **CITY OF COVINGTON, TN** would have been obligated to pay if the services had not been defective.
18. Any and all suits for any breach of this Contract shall be instituted and maintained in any Court of competent jurisdiction in Shelby County, Tennessee and both parties expressly consent to the jurisdiction of such Court.
19. If any portion of this Contract shall in any way become violative or prohibited by or under applicable laws, that provision or part hereof shall be ineffective and void to the extent of such violation or prohibition without invalidating any of the remaining provisions of this Contract.
20. In the event **CITY OF COVINGTON, TN** consents to, allows, authorizes or approves of changes to any plans, specifications or other construction documents, and these changes are not approved in writing by the Consultant, **CITY OF COVINGTON, TN** acknowledges that such changes, and the results thereof, are not the responsibility of the Consultant. Therefore, **CITY OF COVINGTON, TN** agrees to release the Consultant from any liability arising from such changes. In addition, **CITY OF COVINGTON, TN** agrees, to the fullest extent permitted by law, to indemnify and hold the Consultant harmless from any damage, liability or cost, including reasonable attorneys' fees and costs of defense, arising from such changes.
21. Original signed, sealed reproducible documents are the actual Contract Documents and any electronic copies provided to the Client are the Client's convenience. In the event there is a discrepancy between the original signed, sealed documents and the electronic copy, the original signed, sealed reproducible documents shall take precedence.
22. This Contract represents the entire understanding between **CITY OF COVINGTON, TN** and A2H, Inc. in the respect to the project and may be modified only by a writing signed by both parties.
23. If in the event that an executed copy of this Contract is not returned to our office, but payment is received for services rendered during the course of the project, the parties agree that these terms and conditions shall be binding upon the parties.

Initials

Date

CONTRACT TO AUDIT ACCOUNTS

OF

City of Covington

FROM July 01, 2023 TO June 30, 2024

This agreement made this 12th day of May 2024, by and between ATA CPAs + Advisors PLLC, 227 Oil Well Road, Jackson, TN 38305, hereinafter referred to as the "auditor" and City of Covington, of PO Box 768, Covington, TN 38019-0768, hereinafter referred to as the "organization", as follows:

1. In accordance with the requirements of the laws and/or regulations of the State of Tennessee, the auditor shall perform a financial and compliance audit of the organization for the period beginning July 01, 2023, and ending June 30, 2024 with the exceptions listed below:
2. The auditor shall conduct the audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the *Audit Manual*. Additional information and procedures necessary to comply with requirements of governments other than the State of Tennessee are permissible provided they do not conflict with or undermine the requirements previously referenced. If applicable, the audit is to be conducted in accordance with the provisions of the Single Audit Act and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The audit is also to be conducted in accordance with any other applicable federal agency requirements. It is agreed that this audit will conform to standards, procedures, and reporting requirements established by the Comptroller of the Treasury. It is further agreed that any deviation from these standards and procedures will be approved in writing by the Comptroller of the Treasury prior to the execution of the contract. The interpretation of this contract shall be governed by the above-mentioned publications and the laws of the State of Tennessee.
3. The auditor shall, as part of the written audit report, submit to the organization's management and those charged with governance:
 - a) a report containing an expression of an unmodified or modified opinion on the financial statements, as prescribed by the *Audit Manual*. This report shall state the audit was performed in accordance with *Government Auditing Standards*, except when a disclaimer of opinion is issued. If the organization is a component unit or fund of another entity, it is agreed that: (a) the financial statements may be included in the financial statements of the other entity; (b) the principal auditor for the other entity may rely upon the contracted auditor's report, and (c) any additional information required by the principal auditor of the other entity will be provided in a timely manner.
 - b) a report on the internal control and on compliance with applicable laws and regulations and other matters. This report shall be issued regardless of whether the organization received any federal funding. Audit reports of entities which are subject to the provisions of the Single Audit Act and OMB's Uniform Guidance shall include the additional reports required by that guidance. The reports will set forth findings, recommendations for improvement, concurrence or nonconcurrence of appropriate officials with the audit findings, comments on management's responses as appropriate, and comments on the disposition of prior year findings.
4. If a management letter or any other reports or correspondence relating to other matters involving internal controls or noncompliance are issued in connection with this audit, a copy shall be filed with the Comptroller of the Treasury by the auditor. Such management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no reportable matters or significant deficiencies not also disclosed in the findings found in the published audit report). The report should also include a corrective action plan for findings developed under OMB's Uniform Guidance and for other findings in accordance with Tennessee Code Annotated § 9-3-407, and the *Audit Manual*. The corrective action plan is only applicable to findings published in the audit report.
5. The auditor shall file **one (1)** electronic copy of said report with the Comptroller of the Treasury, State of Tennessee. The auditor shall furnish **15** printed copies and/or an electronic copy of the report to the organization's management and those charged with governance. It is anticipated that the auditor's report shall be filed no later than December 31, 2024, or six (6) months following the period to be audited, whichever is earlier, without explanation to the Comptroller of the Treasury, State of Tennessee, and the organization. (Audit documentation for additional procedures for centralized cafeteria systems contracted with audits of internal school funds must be completed and available for review by September 30 following the fiscal year being audited.) Requirements for additional copies, including those to be filed with the appropriate officials of granting agencies, are listed below:
Additional copies provided upon request.
6. The auditor agrees to retain working papers for no less than five (5) years from the date the report is received by the Comptroller of the Treasury, State of Tennessee. In addition, the auditor agrees that all audit working papers shall, upon request, be made available in the manner requested by the Comptroller for review by the Comptroller of the Treasury or the Comptroller's representatives, agents, and legal counsel, while the audit is in progress and/or subsequent to the completion of the report. Furthermore, at the Comptroller's discretion, it is agreed that the working papers will be reviewed at the office of the auditor, the entity, or the Comptroller and that copies of the working papers can be made by the Comptroller's representatives or may be requested to be made by the firm and may be retained by the Comptroller's representatives.
7. Any reasonable suspicion of fraud, (regardless of materiality) or other unlawful acts including, but not limited to, theft, forgery, credit/debit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, as defined in Tennessee Code Annotated § 39-16-402, involving public money, property, or services shall, upon discovery, be promptly reported in writing by the auditor to the Comptroller of the Treasury, State of Tennessee, who shall under all circumstances have the authority, at the discretion of the Comptroller, to directly investigate such matters. Notwithstanding anything herein to the contrary, the Comptroller of the Treasury, State of Tennessee, acknowledges that the auditor's responsibility hereunder is to design its audit to obtain reasonable, but not absolute, assurance of detecting fraud that would have a material effect on the financial statements, as well as other illegal acts or violations of provisions of contracts or grant agreements having a direct and material effect on financial statement amounts. If the circumstances disclosed by the audit call for a more detailed investigation by the auditor than necessary under ordinary circumstances, the auditor shall inform the

organization's management and those in charge of governance in writing of the need for such additional investigation and the additional compensation required therefor. Upon approval by the Comptroller of the Treasury, an amendment to this contract may be made by the organization's management, those charged with governance, and the auditor for such additional investigation.

8. **Group Audits.** The provisions of Section 8 relate exclusively to contracts to audit components of a group under AU-C 600. (See definitions in AU-C 600, Paragraph 11.) Section 8 is only applicable to an auditor that audits a component (e.g., a fund, component unit, or other component) of a county government that is audited by the Division of Local Government Audit (LGA). Section 8 is intended to satisfy the communication requirements for the group auditor (LGA) to the component auditor under AU-C 600.

- a) The Division of Local Government Audit (LGA) shall be considered the "group auditor" for any contract to audit a component of an applicable county government. LGA shall present the county's financial statements in compliance with U.S. Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). LGA shall conduct the audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- b) The contracting auditor shall be considered the "component auditor" for purposes of this section.
- c) The financial statements audited by the component auditor should be presented in accordance with GAAP as promulgated by GASB. If the financial reporting framework for any component does not conform to this basis, the financial reporting framework should be disclosed in Section 10 (Special Provisions). (Component financial statements that are not presented using the same financial reporting framework as the county's financial statements may cause this contract to be rejected.)
- d) The component auditor shall conduct the component audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.
- e) The component auditor shall cooperate with LGA to accomplish the group audit. It is anticipated that LGA will make reference to the component auditor's report in the group audit report. Should LGA find it necessary to assume responsibility for the component auditor's work, the terms, if any, shall be negotiated under a separate addendum to this contract.
- f) The component auditor shall follow the ethical requirements of *Government Auditing Standards* and affirms that the component auditor is independent to perform the audit and will remain independent throughout the course of the component audit engagement.
- g) The component auditor affirms that the component auditor is professionally competent to perform the audit. LGA may confirm certain aspects of the component auditor's competence through the Tennessee State Board of Accountancy.
- h) The component auditor will be contacted via email by the LGA's Audit Review Manager with the estimated date of the conclusion of LGA's audit of the county government. The component auditor agrees to update subsequent events between the date of the component auditor's report and the date of the conclusion of LGA's audit of the county government. Additional subsequent events should be communicated via email to LGA's Audit Review Manager.
- i) The component auditor shall read LGA's audited financial statements for the county government for the previous fiscal year noting in particular **related parties** in the notes to the financial statements, and **material misstatement** findings in the Findings and Questioned Costs Section. The previous year audited financial statements can be obtained from the Comptroller's website at www.comptroller.tn.gov. As required by generally accepted auditing standards, we have identified Management Override of Controls and Improper Revenue Recognition as presumptive fraud risks. The component auditor shall communicate to LGA (i.e., group management) on a timely basis **related parties** not previously identified by the group management in LGA's prior year audited financial statements. Related parties should be communicated via email to LGA's Audit Review Manager.
- j) The component auditor's report should not be restricted as to use in accordance with AU-C 905.
- k) Sections 1-7 and Sections 10-14 of this contract are also applicable to the component auditor during the performance of the component audit.

9. **Municipal Chart of Accounts Crosswalk.** The provisions of Section 9 relate exclusively to contracts to audit of a municipality, municipality's fund(s), and municipality's school board of education. The auditor shall convert respective municipal audited financial data into a condensed chart of accounts by use of a Microsoft Excel crosswalk tool prescribed by the Comptroller of the Treasury, State of Tennessee, or if a respective municipality, municipality's fund(s), or municipality's school board of education chooses to convert their own audited financial data by use of the crosswalk, the auditor shall verify the accuracy of their conversion. The completed condensed chart of accounts crosswalk in Microsoft Excel format shall be filed with the Comptroller of the Treasury, State of Tennessee, by the auditor when the audited financial report is submitted.

10. (Special Provisions)

11. In consideration of the satisfactory performance of the provisions of this contract, the organization shall pay to the auditor the fee(s) listed below. (Fees may be fixed amounts or estimated.)

Fixed Contract Fee:

Audit \$53,700.00

Municipal Chart of Accounts Crosswalk \$2,000.00

Total Fixed Contract Fee \$55,700.00

or

Estimated Contract Fee:

Audit

Municipal Chart of Accounts Crosswalk

Total Estimated Contract Fee

(If not a fixed amount, an estimated contract fee should be furnished to the governing unit for budgetary purposes. A schedule of fees and/or rates should be set forth below. Interim billings may be arranged with consent of both parties to this contract.) Provision for the payment of fees under this agreement has been or will be made by appropriation of management and those charged with governance.

SCHEDULE OF FEES AND/OR RATES:

12. As the authorized representative of the firm, I do hereby affirm that:
- our firm and all individuals participating in the audit are in compliance with all requirements of the Tennessee State Board of Accountancy and;
 - our firm has participated in an external quality control review at least once every three (3) years, conducted by an organization not affiliated with our firm, and that a copy of our most recent external quality control review report has been provided to the organization and the office of the Tennessee Comptroller of the Treasury approving this contract
 - all members of the staff assigned to this audit have obtained the necessary hours of continuing professional education required by *Government Auditing Standards*;
 - all auditors participating in the engagement are independent under the requirements of the American Institute of Certified Public Accountants and *Government Auditing Standards*.

13. This writing, including any amendments or special provisions, contains all terms of this contract. There are no other agreements between the parties hereto and no other agreements relative hereto shall be enforceable, unless entered into in accordance with the procedures set out herein and approved by the Comptroller of the Treasury, State of Tennessee. In the event of a conflict or inconsistency between this contract and the special provisions contained in paragraph 10 of this contract, the special provision(s) are deemed to be void. Any changes to this contract must be agreed to in writing by the parties hereto and must be approved by the Comptroller of the Treasury, State of Tennessee. All parties agree that the digital signatures, that is, the electronic signatures applied by submitting the contract, are acceptable as provided for in the Uniform Electronic Transaction Act. Any paper documents submitted related to this contract will be converted to an electronic format and such electronic document(s) will be treated as the official document(s).

14. If any term of this contract is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms will not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the contract did not contain that term.

ATA CPAs + Advisors PLLC

Audit firm

Governmental Unit or Organization



Matthew Wood

By

Signature

Title/Position:

Member/Partner

E-mail address:

bknox@atacpa.net

Date:

May 13, 2024

By

Signature

Title/Position:

E-mail address:

Date:

Approved by the Comptroller of the Treasury, State of Tennessee

For the Comptroller:

By

Date:

Tina Dunn

From: Jason Fleming
Sent: Wednesday, June 12, 2024 11:25 AM
To: Tina Dunn; Kristin Mathis
Subject: Fwd: Covington Audit Proposal
Attachments: image001.png; image002.png; image003.png; image005.png; image004.png; 0.png

FYI

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From: Clark Province <cprovince@wucpas.com>
Sent: Wednesday, June 12, 2024 11:20
To: Jason Fleming <jfleming@covingtontn.com>
Subject: Covington Audit Proposal

Good morning Jason,

For the June 30, 2024 audit of the City of Covington, I am proposing an audit fee of \$65,000. For your budgetary purposes, I would suggest charging approximately \$6000 to each of your fiduciary funds so that those funds could incur the audit costs attributable to auditing those funds.

This fee would not include preparing the State of TN chart of accounts crosswalk which is billed hourly if we do the work. But I estimate \$2k or less. However, this crosswalk is something that can be prepared internally at Covington. If we just perform the review, I would not expect additional costs.

I would expect to begin your audit in December and issued by the end of February; depending on when the actuarial information is obtained.

Thank you,



Clark Province, CPA | Member
Watkins Uiberall, PLLC | Certified Public Accountants
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