

Race and Equity Pocket Questions

Title and purpose of this initiative:

The purpose of this agenda item is to pay the Town's obligation for audit services to FORVIS, LLP for services rendered in FY 2023 and to award the Town's independent audit contract to FORVIS, LLP for FY 2024.

Department: Finance

What are the racial and equity impacts?

Payment is due for services already completed on the Town's behalf to produce an independent audit on the town financials (as required by state statutes) for FY 2023. The town relied upon the audit firm more in FY 2023's audit than in prior years due to lack of available town resources. The impact this had was reliance, dollars, and staff time devoted to completion of the audit that could have been spent on other town initiatives. Staff does not anticipate this occurrence to occur in the FY 2024 audit now that adequate resources are available to support the audit process.

Awarding the FY 2024 audit contract is impactful to reinforce and guide the Town's financial practices. The financial statements produced independently allow for an unbiased view of the financial health of the town and is a the foundation for consideration of financial practices going forward. Traditionally, identifying disadvantaged businesses that operate in the municipal independent audit space has been and remain a challenge. This could be perceived as impactful, although town staff continues to apply a racial and equitable lens and approach to vendor selection, including in the audit selection process.

Who is or will experience community burden?

The Finance department does not anticipate any community burden based on the recommendations, but rather sees an opportunity to better serve the residents and stakeholders of the community with a more proactive and pragmatic approach to the audit process.

Who is or will experience community benefit?

The community will benefit from adopted practices to increase the accuracy and transparency of financial reporting, including garnering higher credit ratings that would lead to lower borrowing and further reach of town resources.

What are the root causes of inequity?

As related to this agenda item, some root causes of inequity could be access to the financial reports as they are housed online, historical lack of inclusion for dis-advantaged businesses in the independent auditor space, and lack of education to interpret the findings presented to the Council from the Independent Auditor.



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What might be the unintended consequences of this action or strategy?

Unintended consequences to approve the payment of FY 2023 and awarding the FY 2024 contract could include excluding other potential firms to the Town of Carrboro audit process. To identify this concern, town staff analyzed the competitive landscape and concluded that the history of the performance of the recommended firm, FORVIS, LLP. The Finance Department feels this risk is mitigated due to lack of other qualified audit companies available to address the town's current needs.

How is your department planning to mitigate any burdens, inequities, and unintended consequences?

To proactively mitigate potential consequences, the Finance Department has plans to structure the contract with adequate check-points to minimize risk over additional time and hours billed to the Town of Carrboro by FORVIS, LLP. Furthermore, the department works with Council and the LGC on a regular reporting timeline to ensure compliance with both state mandates and peer best practices.