



TOWN OF CARRBORO

NORTH CAROLINA

WWW.TOWNOFCARRBORO.ORG

April 12, 2022

H. Jones Norris, Jr.
Senior Accounting & Financial Management Advisor
State and Local Government
Finance Division
3200 Atlantic Avenue
Raleigh, NC 27604

Dear Mr. Norris:

RE: Finance Performance Indicator of Concern

On April 7, 2022 I received an e-mail from Joe Futima following up on our response to a Financial Performance Indicator of Concern Letter (PICL) regarding our audit for the Year Ending June 30, 2021. He reminded me that an adequate response is necessary before we can issue any debt.

This e-mail from Mr. Futima was a big surprise to me. This was the first I had heard we received a PICL. Our independent auditors in their presentation to the Town Council on February 1, 2022 did not mention any PICL that needed to be addressed by the Town. When I contacted the audit firm on April 8th they expressed having no knowledge of this matter but agreed to look into it.

The manager on the team assigned to our account left the firm immediately after the field visit work began in early September, apparently without any notice. I was under the impression that the audit was proceeding on schedule and the firm had made the necessary realignment of staff resources to get it completed on time.

Our auditors reportedly submitted our audit to the LGC Portal on January 24, 2022. Our auditors advised us that we would need to amend the audit contract because of the lateness of the submission. Subsequently, we submitted the appropriate documents to our Town Council for an amendment, which they approved on February 1, 2022, the same day of the audit presentation to them.

As I understand 20 NCAC 03.0508, it is the independent auditor's responsibility to notify the governing board and present, during their presentation, any "*significant deficiencies, material weaknesses, other findings or if the auditor determined that Financial Performance Indicators of Concern were identified based on information presented in the audited financial statements . . .*".

In the presentation to the Carrboro Town Council on February 1, 2022 the auditor's did not communicate any significant deficiencies, material weaknesses, other findings; nor, did the auditors identify any Financial Performance Indicators of Concern based on information presented in the audited financial statements.

We do not agree that this is a Major Performance Indicator of Concern because:

1. This was not communicated by the independent auditors to the Chief Financial Officer;
2. Town Council was not advised of this during auditors' presentation;
3. There are not any instances of significant deficiencies, material weaknesses or other findings cited in the audit; and,
4. No management letter was issued to the Town by the independent auditors.

Given the above, we do not believe a response is required as stated in 20 NCAC 03. We, therefore, humbly request that this PICL be removed from our record.

Thank you for your consideration.

Sincerely,

Arche L. McAdoo
Chief Finance Officer

cc: Mayor Damon Seils
Richard J. White III, Town Manager
John Frank, CPA, Dixon, Hughes, LLP