



Legislation Text

File #: 24-112, **Version:** 1

Independent Audit Contract Final Payment for FY 2023 and Contract for FY 2024

PURPOSE: The purpose of this item is to both finalize payment for services completed by FORVIS, LLP as an independent auditor to the Town of Carrboro for FY 2023, including audit services, explanation of findings, and preparation of financial statements; additionally, this item serves to award a contract for the Town's annual independent audit for the fiscal year ending June 30, 2024 to FORVIS, LLP

DEPARTMENT: Finance

CONTACT INFORMATION: Bret Greene, Finance Director (919) 918-7439, bgreene@carrboronc.gov

COUNCIL DIRECTION:

☐ Race/Equity ☐ Climate ☐ Comprehensive Plan ☒ Other

The Town is obligated by the State to contract an independent audit of the town's financials annually. The purpose of this agenda item is to both officially complete the town's obligation related to services rendered by FORVIS, LLP for the audit for FY 2023 as well as to award the contract for the FY 2024 independent audit of the town's financials to FORVIS, LLP.

INFORMATION:

The Local Government Budget and Fiscal Control Act (LGBFCA) requires each local government to prepare an annual financial report on their financial position at the end of the fiscal year and financial results of operations. The LGBFCA also requires that this financial report be audited by an independent certified public accountant.

The Town issued an RFP for audit services in FY 2022 and received only one response. Town staff does not recommend issuing an RFP for FY 2024 but plans to do so for FY 2025. The reason for this recommendation is multi-faceted and includes lack of availability of reputable independent audit firms available for North Carolina municipalities and an established track record established by Dixon Hughs Goodman LLP (now FORVIS, LLP) for services provided to the Town of Carrboro. Their work has been professional, timely and at reasonable costs. The audit cost proposed by FORVIS, LLP. for fiscal year ending June 30, 2024 is \$64,810 (down from \$76,250 for FY 2023). Depending upon the total expenditures of state and/or federal funds (i.e., Powell Bill Funds, federal grants, etc.), the Town may be required to have one or more single audits prepared. The cost for the audit includes additional audits for up to 2 major programs (\$5,000 expense for the Town in FY 2023). The additional cost for preparation of annual financial statements is \$7,500, unchanged from FY 2023. The total cost for the FY 2024 audit and financial statements is quoted as \$64,810, details attached.

All independent audit contracts must be approved by the staff of the LGC. Invoices from the audit firm must

be approved by LGC prior to payment by the Town. The LGC approves up to 75% of the total fee prior to submission of the final audited financial statements to the LGC.

(Note: In 2022 the Town issued RFP for Audit Services for fiscal year ending 2022 through 2024 and received only one response from its current audit firm, FORVIS, LLP formerly Dixon Hughes Goodman LLP).

FISCAL IMPACT:

For FY 2023, FORVIS incurred additional expenses to complete the independent audit, included as attachments. The cost of the audit was originally projected to be \$57,930. The final invoiced amount for the audit(s) and preparation of financial statements is \$76,250. The overage was a direct result of additional hours incurred in excess of the original quote by FORVIS, LLC, and is not anticipated to occur in the FY 2024 audit with current resources available to the Town. The overage requires mayoral signature and LGC approval prior to payment. This payment (with funds available in the Finance Department Operational Budget) will complete the FY 2023 audit formally presented to Council on January 9, 2024 with response to findings formally presented March 9, 2024.

The total cost for FY24 audit and financial statement preparation with no more than two single audits will not exceed \$64,810. However, if more than two major programs require a single audit, the cost will need to be adjusted. Funds for the annual audit and financial statement preparation are included in the Finance Department's General Fund operating budget. The anticipated completion date for the FY 2024 audit is October 31, 2024.

RECOMMENDATION:

That the Council approve: 1) Payment to FORVIS, LLP for the amount of \$26,430.42 for services related to completion of the independent audit for the Town of Carrboro for FY 2023; 2) award a contract to FORVIS, LLP for a total cost not to exceed \$64,810 to perform independent audit, up to two program single audits, and annual financial statements for the fiscal year ending June 30, 2024; and 3) authorize the Mayor and Town Manager to execute the Contract to Audit Accounts (form LGC-205 or equivalent), engagement letter and/or additional items not addressed in the LGC-205. The continuation of FORVIS as independent auditor in subsequent fiscal years will be based on negotiation of scope of work and costs with approval by the Town Council and LGC.