



Legislation Text

File #: 22-115, **Version:** 1

TITLE:

Independent Audit Contract for Fiscal Year Ending June 30, 2022

PURPOSE: The purpose of this item is to award a contract for the Town's annual independent audit for the fiscal year ending June 30, 2022

DEPARTMENT: Finance

CONTACT INFORMATION: Arche McAdoo, Finance Director 918-7439; Cary McNallan, Budget Analyst, 918-7301; Donald Coble, Assistant to Finance Director, 918-7302

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.

On February 28, 2022, the Town issued RFP for Audit Services for fiscal year ending 2022 through 2024 (see Attachment B). The standard audit services RFP template provided by the Local Government Commission was used. This RFP was advertised in the local newspaper, posted to the Town's web site, and distributed to firms who had requested to be include in such solicitations. Responses were due on March 31, 2022. The Town received one response from its current audit firm, Dixon Hughes Goodman LLP (DHG). The response from DHG met all requirements of the RFP (see Attachment C).

DHG has provided audit services to the Town for over ten years. Their work has been professional, timely and at reasonable costs. The recent Financial Performance Indicator of Concern from the LGC for filing the Town's 2021 audit after the due date has been satisfactorily resolved and steps taken to avoid future occurrences.

The audit cost proposed by DHG for fiscal year ending June 30, 2022 is \$48,600, unchanged from 2021. 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 a single audit is \$5,000 for up to two major programs and \$2,500 for any additional major program thereafter. The cost for preparation of annual financial statements is \$7,500.00. The total cost for the FY 2022 audit is \$61,100. Estimated audit costs for FY 2023 and FY 2024 are \$62,930 and \$64,810, respectively. These estimates are subject to change based on the scope of work to be determined annually.

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.

FISCAL & STAFF IMPACT: The total cost for FY22 audit and financial statement preparation with no more than two single audits will not exceed \$61,100. However, if more than two major programs require a

single audit, the cost will be \$2,500 per single audit. Funds for the annual audit, single audits, and financial statement preparation are included in the Finance Department's General Fund operating budget.

RECOMMENDATION: That the Council adopt Attachment A to: 1) award a contract to Dixon Hughes Goodman LLP for a total cost not to exceed \$61,100 to perform independent audit, two program single audits, and annual financial statements for the fiscal year ending June 30, 2022; and 2) 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 DHG services in subsequent fiscal years ending June 30, 2023 and June 30, 2024 will be based on negotiation of scope of work and costs with approval by the Town Council and LGC.