

MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Mandy Cartrette, Finance Officer

SUBJECT: Selection of New Auditor

DATE: August 12, 2013

The attached resolution would authorize the Town Manager, Finance Officer, and Mayor to enter into an agreement and execute an audit contract with Rives & Associates, LLP to perform the Town's audit for FY 2013, with the option of contracting with the firm to perform audit services for FY 2014 and FY 2015 dependent upon approval of the Board of Commissioners that is serving the Town in the latter two years.

BACKGROUND

In spring of 2013, Town staff learned that Ward & Foust, CPAs would no longer be performing government audits and that the Town would be required to select a new auditor. In late June 2013, the Town sent out requests for proposals to six firms that have government audit experience. These firms were given until July 10, 2013 to submit their proposals. Of the six proposals that were submitted, one firm, Maxton McDowell, CPA, declined to submit a proposal because of other commitments. The other five firms submitted proposals by the required deadline.

EVALUATION OF PROPOSALS

Below is a summary of the proposals for the three-year period:

Audit Firm	FY 2013	Estimated FY 2014	Estimated FY 2015	Total Costs
Cherry Bekaert	\$27,500	\$28,000	\$29,000	\$84,500
Dixon Hughes Goodman	\$24,000	\$24,500	\$25,000	\$73,500
Koonce, Wooten & Haywood	\$32,000	\$32,800	\$33,650	\$98,450
Martin Starnes & Associates	\$24,500	\$24,500	\$25,000	\$74,000
Rives & Associates	\$20,600	\$20,600	\$21,218	\$62,418

Based on the proposals received, Rives & Associates offered the lowest costs for audit services for the three-year period. However, cost was not the only factor that Town staff was interested in when selecting a new auditor. Town staff also evaluated audit firms on the following criteria:

- **Timeliness.** I explained to the auditors that submitted proposals that one of the Town's primary concerns was the timely delivery of the audit. Rives & Associates is committed

to completing the audit in a timely manner. For the audit for fiscal year 2012, we are getting a bit of a late start, and the audit is expected to be completed by December 1st, which is the Local Government Commission's final deadline before considering the audit late. In subsequent years, the audit will be completed by October 31st.

- **Experience.** It was extremely important to Town staff that any auditor selected had government audit experience. Government audits are complex and to ensure that the audit is completed in a timely manner, an auditor must be familiar with the government audit process. Rives & Associates has audited several government entities, including, just to name a few, Durham County Schools, Wake County Schools, and Rowan County Rescue Squad, and they are currently engaged in the Town of Goldston's audit. The CPAs that will be working on the Town of Pittsboro's audit have government audit experience.
- **References.** Recommendations from other government audit clients were also used to select an auditor. I spoke Wake County Schools, and they were very pleased with Rives & Associates. They said that the first year that Rives performed their audit was very smooth and that they had a good experience with them.
- **Dedication & Focus to Town of Pittsboro.** Many CPA firms perform tax and audit services. It was important to Town staff that during periods of the audit when tax work is also being performed that the Town of Pittsboro's audit was not put to the side to focus on tax work. Jay Sharpe, the audit manager for this engagement, assured me that Rives & Associates would have a staff that was focused on performing and completing government audits for the period of July through December, and attention would not be diverted to focus on tax deadlines.

With the cost and other factors mentioned above, Town staff feels that Rives & Associates would be the best firm to perform audit services for the Town of Pittsboro.

RECOMMENDATION

That the Board of Commissioners adopt the attached resolution authorizing the Town Manager, Finance Officer, and the Mayor to enter into an agreement and execute an audit contract with Rives & Associates to perform audit services for FY 2013 with the option to continue those services for FY 2014 and FY 2015 dependent upon approval of the Board of Commissioners serving the Town in the two latter years.

RESOLUTION AUTHORIZING THE TOWN MANAGER, FINANCE OFFICER, AND MAYOR TO ENTER INTO AN AGREEMENT AND EXECUTE AN AUDIT CONTRACT WITH RIVES & ASSOCIATS, LLP TO PERFORM AUDIT SERVICES FOR THE TOWN OF PITTSBORO FOR FISCAL YEAR 2013 AND THE OPTION TO PERFORM AUDIT SERVICES FOR FISCAL YEAR 2014 AND FISCAL YEAR 2015 DEPENDENT ON GOVERNING BOARD APPROVAL IN 2014 AND 2015

WHEREAS, the Town of Pittsboro solicited and received competitive proposals from audit firms for the performance of the Town's financial audit for FY 2013 with the option to perform audit services in FY 2014 and FY 2015 dependent on the approval of the Board of Commissioners in the latter two years; and

WHEREAS, Rives & Associates offers the lowest annual costs of \$20,600 for FY 2013, \$20,600 for FY 2014, and \$21,218 for FY 2015; and

WHEREAS, Rives & Associates meets the Town's additional criteria of timeliness, experience with government audits, good recommendations from other government entities, and a commitment of dedication and focus to the Town of Pittsboro's audit;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Town of Pittsboro that the Board authorizes the Town Manager, Finance Officer, and the Mayor to enter into a contract with Rives & Associates to perform audit services for the Town of Pittsboro for FY 2013 and to retain the option to use Rives & Associates in FY 2014 and FY 2015 dependent upon approval of the Board of Commissioners in FY 2014 and FY 2015.

This the 12th day of August, 2013.

Randolph Voller, Mayor

Attest:

Alice F. Lloyd, CMC, Town Clerk