THE CITY OF ASHEVILLE

Staff Report

Council Meeting Date: May 10, 2022

Subject: Fiscal Year 2022 Financial Audit Contract

Staff Resource(s): Tony McDowell, Finance Director
Becki King, Assistant Finance Director

Action Requested: Adoption of a resolution authorizing the Mayor to execute a contract with PBMares, LLP for auditing City accounts for fiscal year ending June 30, 2022.

Background:

- North Carolina General Statute §159-34 requires that local governments have its accounts audited each fiscal year and submit a copy of the audit report and financial statements to the Local Government Commission.
- Staff recommends retaining the services of PBMares, LLP to conduct an audit of the City's accounts for the fiscal year ending June 30, 2022.
- The estimated cost for fiscal year 2021-2022 audit includes a base fee of $103,080, which covers 900 hours of audit work; and a $150 per audit hourly fee for each hour over 900 hours up to a maximum total of 25% of the base fee ($25,770), for a maximum total fee of $128,850.
- The previous years' fees, which only included base fees, were as follows:
    - 2020-2021: $100,640
    - 2019-2020: $98,200
    - 2018-2019: $95,760
- Execution of this contract complies with the Audit Policy portion of City Council's Financial Policies which states that the City "shall enter into multi-year agreements of not more than five years in duration through a series of single-year contracts as consistent with applicable legal requirements."
- This will be the fifth consecutive year of contracting with the same auditors so staff will be conducting a competitive bid process in the upcoming fiscal year prior to the next audit.

Vendor Outreach Efforts:

- No competitive bid process was conducted this year.

Council Goal:

- Financially Resilient City

Committee::

- No prior Committee approval.
- Final audit results are presented annually to the Audit Committee.

Pro:

- Contracting with PBMares, LLP aligns with City Council's financial policy and will help ensure the timely and successful completion of the annual audit.

Con(s):

- None

Fiscal Impact:

- The maximum total fee amount of $128,850 for the annual audit is budgeted in the Internal Audit operating budget.

Suggested Motion:

- Move to adopt a resolution authorizing the Mayor to execute a contract with PBMares, LLP for auditing City accounts for the fiscal year ending June 30, 2022.

Attachment(s)

- Resolution

RESOLUTION NO. 22-___

RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH RSM US LLP FOR AUDITING CITY ACCOUNTS FOR FISCAL YEAR 2021-2022

WHEREAS, the City is required to have its accounts audited at the close of each fiscal year by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts pursuant to N.C.G.S 159-34; and

WHEREAS, the City has authority pursuant to Article 2 of Chapter 160A of the North Carolina General Statutes to enter into contracts; and

WHEREAS, PBMares, LLP has submitted an engagement letter and contract pursuant to Generally Accepted Government Auditing Standards and the requirements of the Commission to provide audit services to the City Council for the fiscal year 2021-2022; and

WHEREAS, the City Council desires that the City's fiscal year 2021-2022 audit service contract be awarded to the firm PBMares, LLP; and

WHEREAS, funds are included in the Internal Audit division's budget;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The Mayor is hereby authorized to execute a contract, the form of which shall be approved by the Local Government Commission, with PBMares, LLP in the amount no greater than $128,850 for auditing services for fiscal year 2021-2022.

Read, approved, and adopted this 10th day of May, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney