THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: May 25, 2021

Subject: Fiscal Year 2021 Financial Audit Contract

Staff Resource(s): Cathy Ball, Assistant City Manager
Patricia Rosenberg, Internal Auditor

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, 2021.

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, 2021.
- The estimated cost for fiscal year 2020-2021 audit includes a base fee of $100,640, which covers 900 hours of audit work; and a $125 per audit hourly fee for each hour over 900 hours up to a maximum total of 25% of the base fee ($25,160), for a maximum total fee of $125,800.
- The previous years' fees, which only included base fees, were as follows:
    - 2019-2020: $98,200
    - 2018-2019: $95,760
    - 2017-2018: $93,340
- 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 fourth consecutive year of contracting with the same auditors.
- In the previous three years, the City contracted with RSM US LLP to perform the City's audit.
- This past year, RSM US LLP sold their North Carolina government practice to PBMares, LLP, and our multi-year agreement transferred to PBMares, LLP as part of that sale.

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:

- None

Fiscal Impact:

- The maximum total fee amount of $125,800 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, 2021.

Attachment:

- Resolution

RESOLUTION NO. 21-___

RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH RSM US LLP FOR AUDITING CITY ACCOUNTS FOR FISCAL YEAR 2020-2021

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 2020-2021; and

WHEREAS, the City Council desires that the City's fiscal year 2020-2021 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 $125,640 for auditing services for fiscal year 2020-2021.

Read, approved, and adopted this 25th day of May, 2021.

_____ _____

City Clerk Mayor

Approved as to form:

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City Attorney