



Legislation Text

File #: HCC-184-FY23, **Version:** 1

Submitted by: Ron Brooks
Submitting Department: Finance
Agenda Section: Consent

Item Title:
Auditing Services

Suggested Action:

I move the Mayor and Council authorize the City Administrator to execute a contract for professional auditing services with Lindsey & Associates LLC, Certified Public Accountants located at 110 West Road, Suite 220, Towson, MD to review and complete the analysis of the City's FY21, FY22 and FY23 financial statements and provide the Independent Auditor's Report on the City's financial statements for all governmental activities for each major fund at the end of each fiscal and to complete the City's Single Audit as required by the Department of Treasury for federal funds reimbursed from the Cares Act in FY21 and the American Rescue Plan Act Funds expensed in FY22 and FY23. The contract cost for these auditing services will not exceed \$29,180 for FY21, \$29,940 for FY22 and \$30,420 for FY23, upon legal review and approval of the City Attorney.

Summary Background:

The City's auditor of record the CPA firm of Cohn Reznick informed the City in November of this year that after January 1st, 2023, the firm would no longer be active in conducting local government audits. This firm has been the City's auditor for the past nine years, specifically responsible for (1) providing the review and analysis of the City's financial statements completed by the Treasurer and an additional third-party auditor and (2) providing the Independent Auditor's Report on the City's financial statements for all governmental activities for each major fund at the end of each fiscal year period or as of 6/30.

On November 8, 2022, the City issued a solicitation for auditing services, the proposals were due on November 21, 2022. Due to the Thanksgiving Holiday the due date was extended to November 28, 2022.

The City only received one proposal and that was from Lindsey & Associates, LLC, to review and complete the analysis of the City's FY21, FY22 and FY23 financial statements and provide the Independent Auditor's Report on the City's financial statements for all governmental activities for each major fund at the end of each fiscal year period or as of 6/30.

Additionally, the City was also a receiptant of federal funds from the Cares Act and the American Rescue Plan Act. The City received reimbursements for COVID expenses from CARES funds in FY21 and expensed a portion of the American Rescue Plan Act funds in FY22 and FY23. The Department of Treasury's requires that the City complete a "Single Audit" that reviews the expenditures of these federal funds. The firm's proposal included cost to address this requirement.

Lindsey's cost proposal provided cost for three fiscal years as noted below.

- FY21 Financial Statement Audit cost of \$24,400 and the FY21 Federal Single Audit cost of \$4,780 for an aggregate Total of \$29,180 for both audits. The total is 35.2% less than the current audit agreement.
- FY22 Financial Statement Audit cost of \$25,000 and the FY22 Federal Single Audit cost of \$4,940 for an

aggregate Total of \$29,940 for both audits. The total is 33.5% less than the current audit agreement.

- FY23 Financial Statement Audit cost of \$25,400 and the FY23 Federal Single Audit cost of \$5,020 for an aggregate Total of \$30,420 for both audits. The total is 32.4% less than the current audit agreement.

Historically, the City is very familiar with Lindsey & Associates, in conjunction with the Treasurer this firm aided in the preparation of the City's financial statements from FY14 to FY18 and is currently the auditor of record for various other local municipalities such as Brentwood, Laurel and Riverdale Park.

Next Steps:

Upon legal review and approval of contract language and provisions enter into an agreement with Lindsey & Associates to conduct and compete the City audits as required.

Fiscal Impact:

The auditing services cost for this firm for each audit period will be approximately 35% or \$15,000 less per audit year than the current firm.

City Administrator Comments:

Recommends approval.

Community Engagement:

N/A

Strategic Goals:

Goal 1 - Ensure Transparent and Accessible Governance

Legal Review Required?

Pending