

CITY OF HIGH POINT

AGENDA ITEM



TITLE: Recommendation on Selection of Independent Auditor for the City of High Point	
FROM: Bobby Fitzjohn, Financial Services Director	MEETING DATE: March 18, 2024
PUBLIC HEARING: n/a	ADVERTISED DATE/BY: n/a
ATTACHMENTS: Audit RFP Memo Audit Fee Comparison Thru 2023	

PURPOSE:

The City Council is required by General Statute 159-34 to have an annual financial and compliance audit. As a matter of practice, the Financial Services staff periodically solicits Requests for Proposals from firms interested and qualified to perform this work.

BACKGROUND:

The City's current auditors, Cherry Bekaert, were approved by City Council in the last proposal process completed in March 2021.

The Request for Proposal (RFP) was sent to 41 accounting firms, including all local firms as well as regional and national firms in our area who perform governmental audit services. In addition, we made our proposal available on the City's website. An evaluation committee made up of senior financial services staff evaluated the 7 proposals received by the deadline.

Overall, the evaluation committee ranked Cherry Bekaert first due to the depth of their experience with large municipalities in NC with a similar complexity, the experience of their assigned personnel, and meeting the overall budget needs of the City. Cherry Bekaert has been the City's auditor since Fiscal Year 2015 and they have a thorough understanding of our systems and processes, leading to the expectation that they can meet the City's required audit deadlines.

BUDGET IMPACT:

Appropriations for the annual audit fee are included in the budget request for the Financial Services Department. The impact on the Fiscal Year 2025 budget is \$119,000. Subsequent years will be included in future budget requests.

RECOMMENDATION/ACTION REQUESTED:

The Financial Services Department recommends that City Council award the contract for independent audit services to Cherry Bekaert in the amount of \$119,000 for FY 2024, \$126,000 for FY 2025, and \$133,000 for FY 2026 for a total contract amount of \$378,000 and two optional renewal years.



To: Tasha Logan Ford, City Manager
Eric Olmedo, Assistant City Manager
From: Bobby Fitzjohn, Financial Services Director
Date: March 6, 2024
Subject: Recommendation for External Auditor for Fiscal Years 2024 - 2026

Audit RFP

The Financial Services Staff solicited proposals from qualified CPA firms to provide the financial and compliance audit of the City's financial operations. The City's current auditors were approved by City Council in the last proposal process completed in March 2021. Given increasing demands in the governmental accounting field, due to new GASB standards, etc., we are seeing costs to perform audits continue to increase. Below is the history of our audit fees over the last 5 years.

FY19	\$72,500
FY20	\$74,000
FY21	\$81,500
FY22	\$84,000
FY23	\$110,000

The Request for Proposal (RFP) was sent to 41 accounting firms, including all local firms as well as regional and national firms in our area who perform governmental audit services. In addition, we made our proposal available on the City's website. Proposals were due by February 16, 2024 and made by the following firms:

Blackburn, Childers, & Steagall	Boone, NC
Cherry Bekaert	Charlotte, NC
FORVIS	High Point, NC
Potter and Company	Monroe, NC
Mauldin & Jenkins	Raleigh, NC
Thompson, Price, Scott, Adams & Co.	Whiteville, NC
RH CPAs	Charlotte, NC

Proposals were submitted in two sections. The first section primarily described the audit firm's prior governmental experience and qualifications of the firm and its personnel in performing governmental audits. The second section principally dealt with the audit approach, organization of the audit team, a tentative schedule for completing the audit within the guidelines previously established by the City, and the estimated cost for each year's audit. Only the cost for fiscal year June 30, 2024 is binding.

The evaluation committee was comprised of Accounting Manager Yeymy Jones, Assistant Financial Services Director Heather Forrest, and myself. The proposals were evaluated with significant weight given to the technical qualifications of each of the personnel assigned to the audit and the number and type of governmental clients the local office performed.

Firms proposing services were notified in advance that only the top proposals would have their second sections opened, which included the respective audit approach, their tentative schedule for completing the audit on time, and proposed costs for the audit. In reviewing qualifications, the committee promoted Cherry Bekaert, FORVIS, Mauldin & Jenkins, and Potter & Company as the most qualified proposals. The City can select the audit firm which most closely meets the City's needs in recent governmental experience and preference for audit approach with limited emphasis on the proposed price. All cost proposals evaluated met minimum requirements. By comparison, the audit contract for last year was \$110,000 as mentioned above. The list below is not ordered by ranking, but is provided in alphabetical order for Council's review and discussion:

Firm	FY24	FY25	FY26	3-year Total	Estimated Hours
Cherry Bekaert	\$119,000	\$126,000	\$133,000	\$378,000	650
FORVIS	\$145,387	\$152,656	\$160,289	\$458,332	660
Mauldin & Jenkins	\$89,000	\$92,000	\$95,000	\$276,000	450
Potter & Company	\$108,000	\$115,000	\$124,000	\$347,000	539

*Pricing assumes 3 major programs

Overall, the evaluation committee ranked Cherry Bekaert first due to the depth of their experience with large municipalities with a similar complexity, the experience of their assigned personnel, and meeting the overall best needs of the City. Cherry Bekaert has been the City's auditor since Fiscal Year 2015 and have a thorough understanding of our systems and processes, leading to shorter transition time and the expectation that they can meet the City's required audit deadlines.

The Financial Services Department recommends the City Council to approve Cherry Bekaert to perform the annual external audit for FY24 through FY26 with the option of two annual extensions.

AUDIT FEES
FYE 2021-2023

	FY 2023		FY 2022		FY 2021	
	Audit Firm	Fee	Audit Firm	Fee	Audit Firm	Fee
CITIES						
High Point	Cherry Bekaert	\$110,000	Cherry Bekaert	\$84,000	Cherry Bekaert	\$81,500
Winston-Salem	Cherry Bekaert	\$135,000	Cherry Bekaert	\$106,000	Cherry Bekaert	\$93,000
Greensboro	Cherry Bekaert	\$124,000	Cherry Bekaert	\$128,500	Cherry Bekaert	\$92,000
Asheville	Cherry Bekaert	\$122,000	PBMares	\$128,080	PBMares	\$115,390
Fayetteville	PBMares	Missing	PBMares	\$162,690	PBMares	\$105,150
Wilmington	PBMares	\$77,500	PBMares	\$75,300	PBMares	\$71,725