



**TOWN OF HOLDEN BEACH
AUDIT COMMITTEE SPECIAL MEETING
HOLDEN BEACH TOWN HALL – PUBLIC ASSEMBLY
FRIDAY, JULY 2, 2021 - 3:00 P.M.**

1. Call to Order/Introduction
2. Public Comments
3. Approval of Minutes (Pages 1 - 3)
4. FY 20 -21 Audit Status and Schedule
 - a. Scope & Coordinate Committee Efforts for the Upcoming Year
5. Finance Officer Update
 - a. Single Point Audit
 - b. Auditor Selection Process for FY 21-22
6. Review Charter/Ordinance Update Discussion (Pages 4 - 5)
7. Discussion on Revisiting Prior Efforts Establishing Financial Tables
8. Adjournment



**TOWN OF HOLDEN BEACH
AUDIT COMMITTEE
TUESDAY, MARCH 3, 2020 – 1:00 P.M.**

The Audit Committee of the Town of Holden Beach met on Tuesday, March 3, 2020 at 1:00 p.m. in the Town Hall Upstairs Conference Room. Present were Chair (Commissioner) Woody Tyner; Members Mark Fleischhauer, Tony Chavonne, Jeannine Richman and Jeff Tansill; Town Manager David W. Hewett; and Town Clerk Heather Finnell.

AGENDA APPROVAL

Motion by Member Fleischhauer to approve the agenda; second by Member Chavonne; approved by unanimous vote.

PUBLIC COMMENTS ON AGENDA ITEMS

No comments were made.

COMMITTEE REVIEW OF DIRECTIVE FROM BOARD OF COMMISSIONERS

Commissioner Tyner talked about the directive from the Board of Commissioners.

COMMITTEE REVIEW AND APPROVAL OF SCORECARD TO RATE AUDIT SERVICES PROPOSALS

Chair Tyner explained how he created the scorecard. He passed out the scorecard the City of Fayetteville recently used for the committee's review. The committee talked about how to proceed with the scorecards.

The committee would like to rate on scale of 0 – 10. The seven categories will be weighted as follows:

- Audit Experience – 10%
- Peer Review – 5%
- References/Reputation – 10%
- Professional Certification/Education/Experience – 20%
- Audit Approach - 20%
- Fees & Cost – 30%
- Other Considerations – 5%

Motion by Member Fleischhauer to approve the score card weighting (as amended during the meeting); second by Member Tansill; approved by unanimous vote.

The firms will be rated as follows:

- 1 – S. Preston Douglas
- 2 – Sharpe Patel
- 3 – Martin Starnes

PRESENTATION AND REVIEW OF AUDIT SERVICES

Town Manager Hewett explained we put the request for proposals (RFP) out the Friday after Board of Commissioners' meeting. We advertised in the Star News on February 15th and put it on the North Carolina Finance Officers' listserv. It was placed on the Town's website. We direct solicited several firms. He explained there has been a lot of chatter on the listserv about putting RFPs out and the lack of response to those RFPs.

Town Manager Hewett said there is a smoking gun with Sharpe Patel. He thinks they have baggage because of their association with Rives & Associates. In looking at their references, most of the Rives' clients, which are also quoted for Sharpe Patel, were school systems. They are different than counties and towns. He stated his association/familiarity with S. Preston and Douglas association has been limited to that we are using their accounting services. He doesn't know about their auditing services. He said Chair Tyner has discovered some issues through a Google search. We have used Martin Starnes in the past. We used them for several years ago for four or five years. Martin Starnes has done Brunswick County's for 16 years in a row. Town Manager Hewett said he knows there has been discussion on that it is a good practice to change auditors once in a while. He might have believed that in the past, but doesn't anymore. Especially with the lack of audit firms and the interest in it, he thinks the Town needs to find a good auditor and stick with them. If he had the choice, he would pick Martin Starnes.

Member Tansill asked about the award process. Town Manager Hewett explained administrative services contracts are awarded based on the most responsive bid. It is not the least cost method. The committee talked about their process. Each member will score the firms on each topic, then each item will be averaged between the five members.

Chair Tyner researched the firms' history. He provided a handout on S. Preston Douglas and reviewed the information. The information referenced in the handout was not disclosed in their RFP. They said they had no regulatory actions against them. The other firms did not have any complaints against them. The committee talked about the information Chair Tyner provided. Member Fleischhauer said he finds it interesting that Sharpe Patel has not identified who the onsite staff will be. His guess they may not have hired them yet. The committee discussed the option in the RFPs for the preparation of the financial statements. They also discussed audit contracts.

The committee took a break from 2:08 p.m. to 2:10 p.m.

SCORING OF AUDIT SERVICES PROPOSALS AND DETERMINATION OF RECOMMENDED PROVIDER BY COMMITTEE MEMBERS

The committee reviewed the proposals and scored the firms. The results were tallied. Based upon the scorecards, Martin Starnes has the high score.

Motion by Member Tansill to accept Martin Starnes and the finished score card and send the recommendation to the Board of Commissioners; second by Member Fleischhauer; approved by unanimous vote.

Chair Tyner will put together a narrative for the Board.

AUDIT COMMITTEE MEMBER COMMENTS

Chair Tyner said the next meeting is April 3rd. The committee will start looking at the Audit Committee ordinance at the next meeting. Chair Tyner asked everyone to look at other towns' ordinances and bring back any thoughts they have for changes.

ADJOURNMENT

Motion by Member Richman to adjourn at 3:30 p.m.; second by Member Tansill; approved by unanimous vote.

Holden Beach Code of Ordinances

§ 30.26 AUDIT COMMITTEE OF THE BOC.

(A) There is hereby established an Audit Committee of the BOC, which shall be comprised of a Chairman of the BOC Audit Committee and not fewer than two, nor more than four Public Members, as determined by the BOC at the first regular Board of Commissioners meeting in January.

(B) *Powers and duties.* The Audit Committee shall:

- (1) Serve as an advisory board for the town's Board of Commissioners;
- (2) Assist and advise the BOC in its oversight responsibilities for the town's financial reporting process, systems of internal financial controls and the external audit process;
- (3) Recommend to the BOC the selection of the independent external audit firm to conduct the annual external audit;
- (4) Evaluate the performance of the external audit firm as it relates to the annual audit of the town and its self-insurance policies;
- (5) Review, advise and make recommendations to the BOC with respect to the town's treasury management function and its' risk management policies and procedures, including without limitation, the town's insurance and self- insurance policies;
- (6) Confirm the town's internal control systems are in place and implemented, including information technology security and control;
- (7) Confirm Town Management implements audit report recommendations;
- (8) Continually evaluate the independence of the external auditors; to audit findings and forward findings to the Board of Commissioners;
- (9) Review the town's CAFR, management letter and management's response;
- (10) Review and reassess the adequacy of this Charter at least every two years, with any revision submitted to the Board of Commissioners for approval;
- (11) Provide an avenue of communication among the Board of Commissioners, Town Management and the external independent auditors;
- (12) Perform other functions from time to time as shall be delegated or

Holden Beach Code of Ordinances

assigned to it by the BOC.

(C) *Appointment, terms.* The Chairman of the BOC Audit Committee shall be elected by the BOC at the first regular meeting in January. The Chairman of the Audit Committee shall make a recommendation to the Board of Commissioners on who shall serve as Public Members. The Chairman of the BOC Audit Committee, an elected Commissioner, and each of the Public Members shall have a normal term of one year, and shall serve at the pleasure of the BOC.

(D) *Meetings.*

(1) The Audit Committee will meet at least four times each year (quarterly) to assess the quarterly financial statements. The Committee will also meet at least one additional time a year to review the final audit report from the external auditors. The Chair may call additional meetings as deemed necessary in fulfillment of the role of the Committee.

(2) The Audit Committee shall comply with the provisions of the North Carolina Open Meetings Law, G.S. §§ 143-318.9 *et seq.* A quorum shall be in attendance before any action of an official nature can be taken. A quorum shall exist when a majority of the Committee is in attendance.

(3) The Audit Committee may invite the manager, staff, auditors and others to attend the meetings and provide pertinent information, as necessary.

(E) *Attendance.* All Committee members are expected to attend every meeting. Requests for excused absences due to sickness, death or emergencies of like nature shall be approved by the Committee as approved absences and shall not affect membership, except that in the event of a long illness, or other such cause for prolonged absence, the member may be replaced.

(Ord. 16-02, passed 1-12-16; Am. Ord. 18-18, passed 12-18-18)