



# TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, including back up information, 8 days prior to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

## MEETING INFORMATION

Date Submitted: March 7, 2019  
Submitted by: Town Manager Eileen Cabanel and Finance Director Paul T. Micali  
Department:  
Speakers: Town Manager Eileen Cabanel

Date of Meeting: March 14, 2019  
Time Required: 15 minutes  
Background Info. Supplied: Yes:  No:

## CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment:	<input type="checkbox"/>	Recognition/Resignation/Retirement:	<input type="checkbox"/>
<b>Public Hearing:</b>	<input type="checkbox"/>	Old Business:	<input type="checkbox"/>
New Business:	<input checked="" type="checkbox"/>	Consent Agenda:	<input type="checkbox"/>
Nonpublic:	<input type="checkbox"/>	Other:	<input type="checkbox"/>

## TITLE OF ITEM

Annual Audit Engagement

## DESCRIPTION OF ITEM

The Town Council to consider appointing a new auditing firm, in accordance with Charter Article 8-16.

## REFERENCE (IF KNOWN)

RSA:		Warrant Article:	
Charter Article:	8-16	Town Meeting:	
Other:		N/A	

## EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector:	<input type="checkbox"/>	Grant Requirements:	<input type="checkbox"/>
Easel:	<input type="checkbox"/>	Joint Meeting:	<input type="checkbox"/>
Special Seating:	<input type="checkbox"/>	Other:	<input type="checkbox"/>
Laptop:	<input type="checkbox"/>	None:	<input type="checkbox"/>

## CONTACT INFORMATION

Name:	<u>Eileen Cabanel</u>	Address:	<u>6 Baboosic Lake Road</u>
Phone Number:	<u>424-2331</u>	Email Address:	<u>ecabanel@merrimacknh.gov</u>

## APPROVAL

Town Manager: Yes  No:  Chair/Vice Chair: Yes  No:

**Memo**



TO: Town Council  
ATTN: Town Manager Eileen Cabanel  
FROM: Finance Director Paul T. Micali  
DATE: March 9, 2019

**RE: Annual Audit Engagement**

---

The Finance Department sent out a Request for Proposal (RFP) for Audit Services to ten (10) accounting firms who specialize in Municipal Audits. We received three (3) responses to the RFP. The bids ranged from \$31,300 to \$32,000:

Firm	Audit & Preparation of MS-5
Graham & Graham	31,500
Plodzic & Sanderson PA	31,300
Melanson Heath & Company	32,000

Per Chapter 8-16 of the Town’s Charter the Town must change Auditing Firms for the 2018-19 Annual Audit. Chapter 8-16 reads “... At least once every five (5) years the Town Council Shall Change Auditors.”

Our current auditors, Plodzzk and Sanderson, have been performing the Audit services for the Town for at least 5 years. They have submitted a bid that changes Audit Partner and audit teams. I have received an opinion from Drummond and Woodsum. It states:

They believe the intent was to change auditing firms because the Charter uses the plural term “auditors.” Their interpretation is supported by the Chair of the Charter Commission who has indicated the Commission wanted a “new set of eyes.”

The reference to “new set of eyes” could mean several things. First, it could be to ensure different auditing approaches are used to avoid what could be a flaw in the auditing process. It could also mean that they want to make sure the auditors are not too close treasurer/administration. If the Town did not change firms, a simple change in personnel may not address these other possible concerns.

Lastly, just changing the personnel assigned to conduct the audit (but not the firm) could create internal conflicts of interest if irregularities are discovered in the prior audits. This conflict of interest creates the potential that any flaw or irregularity could be overlooked in a manner that might otherwise have been addressed by a new auditing firm.

I recommend Town award the engagement to Graham & Graham. They have the experience of conducting Municipal Audits in the State of New Hampshire as well as having adequate staff to plan and perform the audit in a timely manner.