



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: April 6, 2022
Submitted by: Finance Director Thomas Boland
Department: Finance
Speakers: Tom Boland

Date of Meeting: April 14, 2022
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"/>
Public Hearing:	<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

Change of Independent Auditors

DESCRIPTION OF ITEM

The Town Charter requires that the Town's independent auditors be changed at least every five years.

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>Thomas Boland</u>	Address	<u>8 Baboosic Lake Road</u>
Phone Number	<u>603-424-7075</u>	Email Address	<u>tboland@merrimacknh.gov</u>

APPROVAL

Town Manager: Yes No: Chair/Vice Chair: Yes No:
Hold for Meeting Date: _____

Memo



To: Paul Micali – Town Manager
From: Tom Boland – Finance Director
Subject: Council Agenda Item – Change of Independent Auditors
Date: March 22, 2022

The Town Charter requires that the Town’s independent auditors be changed at least once every five years. The Charter article is set forth below:

Chapter C. Charter

Article VIII. Finance

§ 8-16. Independent audit.

Independent compliance and financial audits shall be made of all accounts of the Town at least annually and more frequently if deemed necessary by the Town Council. Such audits shall be conducted according to auditing procedures of the American Institute of Certified Public Accountants, the National Committee on Government Accounting, and other such procedures which may be necessary under the circumstances, by certified public accountants experienced in municipal accounting. Summaries of the results of such audits, including findings and recommendations and any management letters, shall be made public. At least once every five years the Town Council shall change auditors. An annual report of the Town's business for the preceding year shall be made available to the public not later than 90 days after the close of the fiscal year.

The Town last changed auditors for the fiscal 2018-19 year, or three years ago. We went out to bid for audit services at that time, after using the firm of Plodzick & Sanderson for five years, because of the Charter requirement set forth above, and awarded the contract to the firm of Graham & Veroff (previously Graham & Graham). The contract that we entered into with Graham & Veroff was for a three-year period with the ability to extend the term if both sides were willing. Graham & Veroff is a small two-partner firm operating out of Vermont and New Hampshire. While they provide traditional audit services, they specialize more in fraud audits and forensic accounting. We chose them at the time because their bid was competitive and because we were interested to see if a smaller firm’s approach to the audit might provide a different and useful perspective for the Town to evaluate its financial operations.

While we've enjoyed working with Graham & Veroff and have a good relationship with them, we've concluded that their audit approach hasn't really provided anything unique or enlightening for the Town and that their small size can be a detriment to completing the audit work efficiently and in a timely manner.

We believe it would make sense to return to using a bigger firm that is set up to handle a municipality of our size. We solicited bids which were due to be received by March 18, 2022. We received two bids from the firms of Melanson CPA's and Plodzik & Sanderson, P.A. The bid from Plodzik & Sanderson was for \$33,000 per year (plus \$2,750 for a Single Audit report, if required), which is comparable to what we've been spending for the past several years. The bid from Melanson was considerably higher (an average of \$48,500 per year plus \$5,000 for the Single Audit Report). We've used both firms in the past (Melanson was the Town's Auditors prior to Plodzik & Sanderson) and have had good experiences with both. Based on the sizable difference in their bid prices, I am recommending that we award the bid to Plodzik & Sanderson. Plodzik & Sanderson is a 25-person firm based out of Concord that does a number of municipal audits throughout the state including the City of Lebanon, the Town of Hudson, and the City of Somersworth. They are also the current auditors of the Merrimack School District, the Merrimack Village District, and the MYA, so they are very familiar with the Town. As a larger firm, while the Partner in charge of our engagement would be the same as we've used in the past, the staff conducting the on-site audit work would be different from who was involved back in FY 2017-18.

I am requesting that the Town Council approve this change of auditors and look forward to answering any questions that you or the Council might have.