Town of Lisbon

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MEMO

To: Glenn Michalowski, Town Manager / Sarah Bennett, Assistant Town Manager
From: Samantha Bryant, Finance Director
Subject: FY24 Auditor
Date: July 9, 2024

Per the Council request at its June 18th meeting, I made outreach to nearly a dozen audit firms regarding their interest in submitting a proposal to handle the Town of Lisbon's Audit for FY24 through FY26.

Of all the firms contacted, only one firm, Marcum LLP, submitted a proposal. However despite my past positive interactions with their firm at their Philadelphia office, I was concerned regarding SEC press releases regarding actions taken against the firm. Below is a portion of the response I received regarding that concern:
The issues described in the settlement orders do not touch upon our audits of private companies, governments, and non-profit organizations - which are conducted under separate sets of professional standards, promulgated by the Auditing Standards Board of the AICPA. Compliance with professional standards for such engagements are evaluated largely by our triannual peer review conducted by an independent firm with oversight by the American Institute of Certified Public Accountant's National Peer Review Committee. Our 2023 peer review, completed in December, resulted in a report grade of PASS (highest available) with no communication of deficiencies. A copy of this 2023 peer review report is attached in the proposal. Marcum has always been, and continues to be, committed to providing the highest quality audit services, and our peer reviews have consistently resulted in unmodified opinions on our system of quality control applicable to non-SEC client engagements - the highest level of report available.

On June 25th, the Town Manager and I met with our current Auditor to review our concerns and discuss a competing proposal for FY24. The result of that conversation and proposal is included along with this memo.

Based on the dialogue with our current auditor, the positive interactions I've had with their team since June 25th, and the structure of their proposal (which satisfies my concerns), I would recommend that Council appoint RHR Smith to serve as the Town's Auditor for our FY24 Audit. If RHR Smith fails to comply with the terms they have offered the Town, they would not be given an opportunity to bid on providing our audit for FY25.