

BOARD OF ALDERMEN

ITEM NO. D(1)

AGENDA ITEM ABSTRACT

MEETING DATE: January 15, 2008

TITLE: Presentation to Board on Audit Report for Fiscal Year Ending June 30, 2007 and Changes in Auditing Standards (No. 104-111): “The Risk Assessment Suite of Standards.”

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: A: Resolution B: Dixon-Hughes article, “Audit Insights” C: Memo #1077 from Local Government Commission (LGC)	FOR INFORMATION CONTACT: LaVonne Montague, Dixon Hughes, PLLC L. Bingham Roenigk, 918-7439

PURPOSE:

The presentation tonight allows the Board to receive the audit report and allows for LaVonne Montague, CPA, of Dixon Hughes, PLLC who oversees the town’s audit to present the report and to discuss recent auditing changes that will become effective June 2008 and what those changes mean to the Town.

INFORMATION

A significant change in audit standards is related to the town having to more thoroughly document and assess controls and the auditors redeveloping the audit based on the risks related to those controls, including testing of those controls where applicable.

LaVonne Montague, CPA, of Dixon Hughes, PLLC will do a brief presentation on these auditing changes and what they mean to the Town of Carrboro. A publication from the Dixon Hughes accounting firm provides an overview of Statements on Auditing Standards (“SAS”) 104-111.

Ms. Montague will also briefly touch on SAS 112 which became effective June 2007 and required the auditors to report internal control deficiencies in the audit report or in other communications to the board via a management letter. A memo from the LGC is provided as background material for SAS 112.

FISCAL IMPACT:

Dixon Hughes, PLLC has confirmed that there will be an increase in audit costs, primarily due to additional fieldwork and auditing of internal controls within the Town. The costs at this time are not known.

STAFF RECOMMENDATION

Receive the audit report and approve a resolution accepting the 2006-07 audit report. In addition, receive the memos and presentation regarding changes in audit standards and reporting of internal control issues or deficiencies.