

GI Town Board Must Act Responsibly

By: Mike Madigan
GI Town Councilman

On Monday October 7th the Town Board is faced with a decision regarding the selection of a financial auditing firm that protects taxpayer's money from waste, fraud and abuse. The choice the board must make is either:

1. Extending a new contract with the current firm which it has contracted with for decades, OR
2. Selecting an alternate firm, with the same accreditations/qualifications and whose price is \$30K below the extended contract price of the current company.

As part of this decision the following should be considered by the Town Council:

A Fresh set of eyes needed: The current financial auditing firm has been with the town for decades. The town recently suffered a significant theft in a high risk, high cash transaction area that had no accounting controls and it was not included in the annual audits as required by NYS municipal law.

Audit Firm Independence: A key consideration when selecting an audit firm is whether the firm is independent from those who are being audited. Several concerns exist in this area:

- The auditing firm should not view the custodian of the town finances as the hiring manager. That is why the Town Board and not the accountant hires the audit firm.
- Our current audit firm has been contracted with the town for almost 30 years thus enabling friendships and potentially impacting independent oversight – such friendships must not influence hire decisions of audit firms – this is not the friends and family club.

Fair Market Value: Following a recently completed request for proposal process it was found a substantial cost savings could be realized by changing firms. The failure to test the market cost the town tens of thousands over the years.

- Four (4) accounting firms were interviewed by the Board following proposal submissions:
 - At an open public meeting on 8/29 the Town Board tentatively agreed that Drescher & Malecki **earned** the town's annual audit business based on qualifications and price (their price was **\$120K below** our current auditor price over the extended term of the contract).
 - Following this meeting our current audit company was contacted by our town accountant and asked to reduce their price - no other company was contacted.
 - Our current firm lowered their price \$90K but remained uncompetitively priced by \$30K– a premium price with zero taxpayer benefits.

The proposed decision: A motion was submitted for the September 16th Board meeting recommending re-hiring our current audit firm at the premium price. This motion was pulled, and it has been communicated that it will be resubmitted unchanged for the October 7th meeting.

The Board must act to restore taxpayer confidence in the Board's ability to act responsibly, with accountability and protect taxpayer funds from waste, fraud and abuse. With that objective in mind I will be submitting a motion recommending Drescher & Malecki be hired (two motions will likely be submitted).