

## Mass DOR / Division of Local Services on Rotating Outside Auditors

O'Donnell - 9/5/15

### DLS Fact Sheet:

“It happens that municipalities will rely on one auditor or audit firm for multiple years. In fact, the Government Finance Officers Association (GFOA) recommends that communities engage the same auditor by entering into multi-year agreements, or a series of one-year contracts, for a term of at least five years. A multi-year agreement allows for greater continuity and enables a new auditor to spread initial start-up costs over multiple years, potentially reducing costs in the initial years. However, after this term, GFOA recommends a full competitive selection process and a rotation of auditors after each multi-year agreement, provided there is adequate competition among qualified auditors. Contracting with a new audit firm can not only bring a fresh perspective, but reflects good practice. **In general, communities are encouraged to re-advertise for auditing services every five to eight years.** GFOA also acknowledges circumstances or locations where there is a lack of competition among fully qualified auditors. In such cases, the participation of the current auditors is acceptable, assuming their past performance has been satisfactory and has conformed to industry standards.”

### Financial Management Review for the City of Taunton / September 2013:

“Taunton has contracted with KPMG to conduct annual audits for more than a decade. While staying with one auditor over multiple years promotes continuity and minimizes disruption of everyday activities, the Government Finance Officers Association recommends that outside auditors be changed every five to eight years. Cycling new auditors provides fresh perspective and fosters long-term independence. We therefore also advise Taunton to solicit proposals from multiple firms for the next fiscal year.”

### Financial Management Review for the Town of Pembroke / December 2013:

“We recommend that the town advertise for auditing services every five-to-eight years. According to DOR’s records, audits conducted since FY1985 have been completed by Raymond Kasperowicz CPA. As a routine practice, we comment on the number of years that a municipality might contract with or rely on the same auditor. The Government Finance Officers Association (GFOA) recommends that communities enter into multi-year agreements with auditors, or a series of one- year contracts, for a term of five-to-eight years. A multi-year agreement allows for greater continuity and enables a new auditor to spread initial start-up costs over multiple years, potentially reducing costs in the initial years. However, after this term, GFOA recommends a full competitive selection process. If auditors are retained over many years, the principal in charge of the town’s account should periodically change. Contracting with a new audit firm can not only bring a fresh perspective, but reflects good practice.”