

**THE ERWIN BOARD OF COMMISSIONERS  
APRIL 2026 REGULAR MEETING  
THURSDAY, APRIL 9, 2026 @ 7:00 P.M.  
ERWIN MUNICIPAL BUILDING BOARDROOM**

**AGENDA**

**1. MEETING CALLED TO ORDER**

- A. Invocation
- B. Pledge of Allegiance

**2. AGENDA ADJUSTMENTS /APPROVAL OF AGENDA**

**3. CONSENT**

*All items on Consent Agendas are considered routine, to be enacted on one motion without discussion. If a Board member or citizen requests discussion of an item, the item will be removed from the Consent Agenda and considered under New Business.*

- A. Regular Workshop Minutes on February 23, 2026 **(Page 2)**
- B. Regular Meeting Minutes on March 5, 2026 **(Page 10)**
- C. BOA 2026-06 **(Page 14)**
- D. Auditor RFP- Thompson, Price, Scott, Adams & Co., P.A. **(Page 15)**

**4. SPECIAL PRESENTATIONS**

**5. PROCLAMATION FOR CHILD ABUSE PREVENTION MONTH (Page 76)**

**6. PUBLIC HEARING**

- A. Lots Accessible through Unimproved Roads Text Amendment **(Page 77)**

**7. PUBLIC COMMENT**

*Each speaker is asked to limit comments to 3 minutes, and the requested total comment period will be 30 minutes or less. Citizens should sign up prior to the start of the meeting. Please provide the clerk with copies of any handouts you have for the Board. Although the Board is interested in hearing your concerns, speakers should not expect Board action or deliberation on the subject matter brought up during the Public Comment segment. Thank you for your consideration of the Town Board, staff, and other speakers. §160A-81.1*

**8. CLOSED SESSION**

- A. Pursuant to General Statute 143-318.11(a) (6) for the Purpose of Discussing Personnel

**9. MANAGER'S REPORT**

**10. ATTORNEY'S REPORT**

**11. ADJOURNMENT**

**\*\*IN ACCORDANCE WITH ADA REGULATIONS, PLEASE NOTE THAT ANYONE WHO NEEDS AN ACCOMMODATION TO PARTICIPATE IN THE MEETING SHOULD NOTIFY THE TOWN CLERK AT (910) 591-4202 AT LEAST 48 HOURS PRIOR TO THE MEETING.\*\***

**BUDGET ORDINANCE AMENDMENT  
BOA 2026 – 06  
FISCAL YEAR 2025-2026**

BE IT ORDAINED by the Governing Board of the Town of Erwin, North Carolina that the following amendments are made to the annual budget ordinance for the fiscal year ending June 30, 2026.

Section 1. This Budget Ordinance Amendment seeks to Increase Revenues and Increase Expenditures by \$6,351. This amendment is to budget for an increase in Administration personnel expenditures.

Section 2. To amend the General Fund: The Revenues are to be changed as follows:

Account	Description	Current Approp.	Increase/Decrease	Amended Appropriation
10-3450-000	Sales and Use Tax	\$1,153,657	(+) \$6,351	\$1,160,008

Section 3. To amend the General Fund: The Expenditures are to be changed as follows:

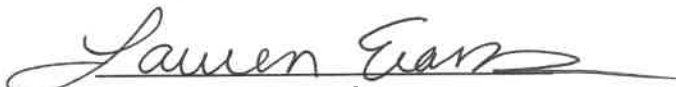
Account	Description	Current Approp.	Increase/Decrease	Amended Appropriation
10-4200-020	Salaries Admin.	\$305,413	(+) 5,000	\$310,413
10-4200-050	FICA	\$ 23,495	(+) 383	\$ 23,878
10-4200-070	Retirement	\$ 44,071	(+) 718	\$ 44,789
10-4200-071	401K Contribution	\$ 15,356	(+) 250	\$ 15,606

Section 4. Copies of this budget amendment shall be furnished to the Clerk, the Governing Board, the Budget Officer and the Finance Director for their direction.

Adopted this 9<sup>th</sup> day of April 2026.

  
 Randy L. Baker  
 Mayor

**ATTEST:**

  
 Lauren Evans NCCMC  
 Town Clerk

**ERWIN BOARD OF COMMISSIONERS****REGULAR MINUTES****APRIL 9, 2026****ERWIN, NORTH CAROLINA**

The Board of Commissioners for the Town of Erwin, with Mayor Baker presiding, held its Regular Meeting in the Erwin Municipal Building Board Room on Thursday, April 9, 2026, at 7:00 P.M. in Erwin, North Carolina.

Board Members present were Mayor Randy Baker, Mayor Pro Tem Ricky Blackmon, and Commissioners David Nelson, Alvester McKoy, Billy Turnage, and Timothy Marbell.

Board Member absent was Commissioner Byrd.

Town Manager Snow Bowden, Town Clerk Lauren Evans, Town Planner Dylan Eure, Town Attorney Tim Morris (arrived at 7:27 PM), and Police Chief Jonathan Johnson were present.

Mayor Baker called the meeting to order at 7:00 PM.

Commissioner McKoy gave the Invocation.

Commissioner Blackmon led the Pledge of Allegiance.

*Town Attorney Tim Morris arrived at 7:02 PM.*

**AGENDA ADJUSTMENT/APPROVAL OF AGENDA**

Commissioner Blackmon made a motion to approve the agenda as presented and was seconded by Commissioner Nelson. **The Board voted unanimously.**

**CONSENT**

Commissioner Blackmon made a motion to approve **(ITEM A)** Regular Workshop Minutes on February 23, 2026 **(ITEM B)** Regular Workshop Minutes on March 5, 2026 **(ITEM C)** BOA 2026-06 **(ITEM D)** Auditor RFP- Thompson, Price, Scott, Adams & Co., P.A., which Commissioner Nelson seconded. **The Board voted unanimously.**

**SPECIAL PRESENTATIONS**

Don Franklin Wilson, Sr. of 1989 Chicora Road, was recognized as the April 2026 Citizen of the Month. Mayor Baker presented him with a Proclamation Plaque.

*The Proclamation is part of these minutes as an attachment.*

**TOWN OF ERWIN**  
*North Carolina*

**Section 1**  
**Profile of the Firm**

**Proposal to Provide**  
**Audit Services**

**Due: March 17th, 2026 4:00 PM**

**Prepared By:**  
**Thompson, Price, Scott, Adams & Co., P.A.**

Town of Erwin  
Audit Proposal

**Town of Erwin  
Erwin, North Carolina**

Proposal to Provide Audit Services  
For the Years Ending June 30, 2026 through 2028

SECTION I  
Profile of the Firm

Submitted by *Thompson, Price, Scott, Adams & Co., PA*

P.O. Box 1690  
Elizabethtown, N.C. 28337  
(910) 862-8129

March 17, 2026

Contact Persons

The individuals authorized to conduct negotiations and discuss the proposal are:

R. Bryon Scott, Partner  
Gregory S. Adams, Partner  
Alan W. Thompson, CPA, Partner





Thompson, Price, Scott, Adams & Co., P.A.  
Post Office Box 1690  
Elizabethtown, North Carolina 28337  
Telephone (910) 862-8129  
Fax (910) 862-8120

R. Bryon Scott, CPA  
Gregory S. Adams, CPA  
Alan W. Thompson, CPA

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March 17, 2026

Linda P. Williams  
Finance Director  
Town of Erwin  
100 West F Street  
P. O. Box 459  
Erwin, NC 28339

Re: Proposal - Audit Services

Dear Ms. Williams,

Thompson, Price, Scott, Adams & Co, P.A., hereinafter called the "Auditor" is pleased to submit this proposal to provide external auditing services for the Town of Erwin, hereinafter called the "Town". It is our understanding that the Town is requesting proposals from qualified firms of certified public accountants to establish a contract for the financial and compliance audit of the Town's basic financial statements, supplementary information, other schedules and compliance reports beginning with the fiscal year ended June 30, 2026 and ending with the fiscal year ended June 30, 2028, based on annual negotiation after the first year is complete. We have read the RFP and fully understand its intent and contents. We understand the time frame for performance of the annual financial audit as stipulated by the Town and fully intend to satisfy all objectives. As professionals serving the public sector, our objective is to ensure that accurate information is reported to the Town. Given the complexities of financial operations and the ongoing significant changes in accounting standards, we feel that it is extremely important that you select an auditor that is focused and extremely experienced in the governmental industry to serve you, and we believe we are qualified to do so with superior resources and service at a competitive and fair price.

Our examination will be conducted in accordance with the laws and/or regulations of the State of North Carolina, which includes requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller general of the United States; and if applicable the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the State Single Audit Implementation Act; and all other applicable laws and regulations.

Our firm is uniquely qualified to partner with the Town of Erwin because:

- **NC Local Government Expertise:** Our engagement team has extensive experience auditing North Carolina counties and is intimately familiar with the LGC's reporting requirements and the Compliance Supplement.
- **Independence & Quality:** We confirm that the Auditor is independent of the Town as defined by the AICPA and Government Auditing Standards.

- Commitment to Timelines: We recognize the importance of the December 31st statutory deadline. Our proposed work plan ensures a draft of the financial and compliance audit is available for review by December 1, 2026.
- GASB Proficiency: We provide ongoing technical support to ensure the Town remains compliant with new and evolving GASB pronouncements at no additional cost throughout the year.

We are very grateful for the opportunity to submit our bid and we would be delighted to answer any questions that you might have in relationship to our proposal. This proposal is valid for 60 days from the date of the bid, March 17, 2026. The firm member listed on each section as being authorized to discuss the proposal can be contacted as follows:

R. Bryon Scott, CPA, Partner (910) 862-8129  
bscott@tpsacpas.com

Respectfully Yours,

*Bryon Scott*

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R. Bryon Scott, CPA

Town of Erwin  
Audit Proposal

**TABLE OF CONTENTS**

1. Indicate the Audit firm's North Carolina office location(s) that will handle the audit.
2. Indicate the number of people (by level) located within the local office that will be involved with the audit.
3. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.
4. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of services performed, and the year(s) of engagement.
5. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
6. Describe the professional experience in government audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Again, relevant experience with the new GASB reporting requirements should be clearly communicated.
7. Describe the relevant educational background of each person assigned to the audit, senior level and higher including the new GASB reporting requirements. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
8. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g. solid waste, grants, enterprise funds, bonds and capital projects).
9. Describe any specialized skills, training, or background in public finance of assigned staff. This may include participation in state or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.
11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2018 Revision. Provide a copy of the firm's Statement of Policy and Procedures.

**Town of Erwin  
Audit Proposal**

12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
13. Describe any regulatory action taken by any oversight body against the proposing audit organization or the local office.
14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University of North Carolina School Of Government in Chapel Hill.

Town of Erwin  
Audit Proposal

Item 1. Indicate the Audit firm's North Carolina office location(s) that will handle the audit.

The audit will be handled from our Elizabethtown office and managed by partner Bryon Scott.

Town of Erwin  
Audit Proposal

Item 2. Indicate the number of people (by level) located within the local office that will be involved with the audit.

Thompson, Price, Scott, Adams & Co., P.A. employs a team approach to audit engagements. The audit team will consist of the firm members listed below:

R. Bryon Scott, CPA	Partner
Gregory S. Adams, CPA	Partner
Kelsey M. Conner, CPA	Audit/Tax Manager
Tracy Lee	Senior Staff
Angie McKeel-Davis, CPA	Senior Staff
Adam Midyette, CPA	Staff

Town of Erwin  
Audit Proposal

Item 3. Provide a list of the office's current and prior governmental audit clients, indicating the types of services performed and the number of years served for each. Provide contact information for personnel of current and prior governmental audit clients who may be contacted for a reference.

<u>Client</u>	<u>Services</u>	<u>Years of Service</u>	<u>Year Last Served</u>
Bladen County	Annual financial audit, Compliance audit, Annual reporting	29	6/30/25
Town of White Lake	Annual financial Audit, Annual reporting	25	6/30/25
Town of Bladenboro	Annual financial audit, Compliance audit, Annual reporting	18	6/30/25
Town of Dublin	Annual financial Audit, Annual reporting	22	6/30/25
Town of Clarkton	Annual financial audit, Compliance audit, Annual reporting	22	6/30/25
Elizabethtown Airport/ Economic Development Commission	Annual financial audit, Annual reporting	29	6/30/25
Southeastern Economic Development Commission	Annual financial audit, Annual reporting	20	6/30/25
Elizabethtown ABC Board	Annual financial audit, Annual reporting	29	6/30/25
North Carolina State Board of Examiners in Optometry	Annual financial audit, Annual reporting	7	6/30/25
Town of Erwin	Annual financial audit, Compliance audit, Annual reporting	17	6/30/25

Town of Erwin  
Audit Proposal

Item 3 continued

Bladen County  
Lisa Coleman  
P.O. Box 965  
Elizabethtown, N.C. 28337  
(910) 862-6720

Town of White Lake  
Amber Glisson  
P.O. Box 7250  
White Lake, N.C. 28337  
(910) 862-4800

Clinton ABC Board  
Barbara Bailey  
414 Southeast Blvd  
Clinton, NC 28328  
(910) 592-4355

Town of Clarkton  
Kentrina Woods  
P.O. Box 307  
Clarkton, NC 28433  
910-647-5961

Wallace ABC Commission  
Katherine Bunch  
301 N Norwood St  
Wallace, NC 28466  
(910) 285-3335

Elizabethtown ABC Board  
Mark Gillespie  
2817 W. Broad Street  
Elizabethtown, NC 28337  
(910) 862-2332

Town of Bladenboro  
Jan Hester  
P.O. Box 455  
Bladenboro, NC 28320  
(910)-863-3655

Town of Dublin  
Ashley Matthews  
P.O. Box 36  
Dublin, NC 28332  
910-862-4301

Town of Erwin  
Audit Proposal

Item 4. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of services performed, and the year(s) of engagement.

<u>Client</u>	<u>Services</u>	<u>Year of Engagement</u>
Bladen County	Converted financial reporting to full accrual	6/30/96
	Internal control review within the water district.	6/30/97
	Assisted in preparing official statement for bond issuance	6/30/99
	Researched correct method to handle issues between the County and school board	6/30/02
	Educated board members of the elements of fund balance and the importance of maintaining a strong amount.	6/30/05
	Agreed upon procedures for compliance Testing as requested by the Office of State Auditor.	6/30/14-/30/18
Town of White Lake	Assisted in the preparation of the Town's internal fixed asset list	6/30/02

The older dates of services were provided to our audit clients before the Government Auditing Standards (Yellow Book as mentioned in question 11 of the Town's RFP) revised the independence requirements; however, we have always made ourselves available to assist in accounting and auditing issues throughout the year within the limits of our independence and to assist in finding other sources through our network of CPA firms and consultants. Our eight offices allow us to offer a variety of different services to each client on an individual basis.

Town of Erwin  
Audit Proposal

Item 5. Describe your audit organizations' participation in AICPA sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.

Quality Control comprises the methods used to make sure that the firm meets its professional responsibilities to clients. Thompson, Price, Scott, Adams & Co., P.A. has created these methods to be completed during and at the end of each engagement. The most significant step is our review process, which consists of:

- Engagement Review
- Partner Review
- Independent Staff Review
- Peer Review (Every Three Years)

Engagement Review

The in-charge accountant conducts this review. Its objective is to assure that evidential matter supports all audit programs and that proper audit documentation is in place.

Partner Review

The primary purpose of this review is to determine that the financial statements are fairly presented and all compliance issues have been addressed based on the type of engagement.

Independent Staff Review

Before issuance of the audit report, an independent firm member reviews the workpapers and financial statements to determine if any material errors have been made.

Peer Review

Every three years we are required to allow an outside Certified Public Accountant or Firm to review our quality control procedures and to actually review selected workpapers and issued financial statements. Our latest peer review was completed June 2023, a copy follows. The firm received a rating of *pass* out of the possible ratings of *pass*, *pass with deficiency(ies)* or *fail*.

The most recent peer review did include a review of specific government engagements.



Bernard Robinson & Company, L.L.P.

## Report on the Firm's System of Quality Control

June 27, 2023

To the Partners of Thompson, Price, Scott, Adams & Co, P.A.  
and the Peer Review Committee of the North Carolina  
Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Thompson, Price, Scott, Adams & Co, P.A. (the firm) in effect for the year ended December 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Thompson, Price, Scott, Adams & Co, P.A. in effect for the year ended December 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Thompson, Price, Scott, Adams & Co, P.A. has received a peer review rating of *pass*.

*Bernard Robinson & Company, L.L.P.*

BERNARD ROBINSON & COMPANY, L.L.P.

1501 Highwoods Blvd., Ste. 300 (27410)

P.O. Box 19608 | Greensboro, NC 27419

P: 336-294-4494 • F: 336-294-4495

[brccpa.com](http://brccpa.com)

Town of Erwin  
Audit Proposal

Item 6. Describe the professional experience in government audits of each senior and higher level person assigned to the audit, including years on each job and his/her position while on each audit. Indicate the percentage of time each senior and higher level personnel will be on site.

R. Bryon Scott, CPA – 36% of time will be spent on site  
Licensed in North and South Carolina and Tennessee

Bladen County	29 years	In-Charge
Town of White Lake	25 years	In-Charge
Town of Clarkton	22 years	In-Charge
Town of Dublin	22 years	In-Charge
Town of Bladenboro	18 years	In-Charge
Town of Erwin	17 years	In-Charge

Kelsey M. Conner, CPA – 95% of time will be spent on site

Bladen County	9 years	Staff
Town of White Lake	9 years	Staff
Town of Clarkton	9 years	Staff
Town of Dublin	9 years	Staff
Town of Erwin	9 years	Staff
Town of Bladenboro	9 years	Staff
Town of Tar Heel	9 years	In-Charge
Elizabethtown ABC Board	9 years	In-Charge
Southeastern Economic Development Commission	9 years	In Charge
Clinton ABC Board	9 years	In-Charge
Wallace ABC Board	9 years	In-Charge
North Carolina State Board of Examiners in Optometry	9 years	In-Charge

Town of Erwin  
Audit Proposal

Item 7. Describe the relevant educational background of each person assigned to the audit, senior level and higher including the new GASB reporting requirements. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.

Graduated East Carolina University, May 1990  
Certificate issued April 1993

- Governmental Accounting and Auditing Update
- NC Local Government Auditing, Reporting & Review
- Auditing under the Single Audit
- Fraud and Abuse in Governments
- Complete Guide to the Yellow Book
- Professional Ethics and Conduct

Gregory S. Adams, CPA  
Graduated University of North Carolina-Wilmington, May 1994  
Certificate issued September 1996

- Annual updates by the Local Government Commission
- Performing Single Audits under the Uniform Guidance
- NC Local Government Auditing, Reporting and Review
- Guide to Audits of Local Governments
- Workpapers & Checklists

Kelsey M. Conner, CPA  
Graduated Eastern Kentucky University, Bachelors of Business Administration,  
Accounting, 2008; University of North Carolina at Pembroke, MBA 2013  
Certificate issued March 2015

- Governmental Accounting and Auditing Update
- Annual updates by the Local Government Commission
- Fraud and Abuse in Governments
- Professional Ethics and Conduct
- Government Audit Sampling Workshop

Angelynn M. Davis, CPA (Senior)  
Certificate issued February 2010  
Practice since June 2006.

Member of AICPA & NCACPA's.

Graduated Campbell University with a B.S. in Accounting

- Annual updates by the Local Government Commission
- Performing Single Audits under the Uniform Guidance
- Government Auditing Update
- NC Local Government Auditing, Reporting and Review
- Guide to Audits of Local Governments

Town of Erwin  
Audit Proposal

Item 8. Describe the professional experience of assigned staff in auditing relevant government organizations, programs, activities, or functions (e.g. solid waste, grants, enterprise funds, bonds and capital projects).

Each member of the audit team has extensive experience auditing relevant government organizations including the following: solid waste operations, water and sewer operations, multi-year capital projects, and internal service functions, and single audit programs. The involvement of these organizations occurred during the audits which were listed in Item 3.

Town of Erwin  
Audit Proposal

Item 9. Describe any specialized skills, training, or background in public finance of assigned staff. This may include participation in state or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.

R. Bryon Scott has received a Certificate of Educational Achievement in Governmental Accounting and lead the section of "How to Present Your Audit to the Governing Board" of the North Carolina State Treasurer's NC Local Government Auditing, Reporting and Review and the NC Institute of Government.

Town of Erwin  
Audit Proposal

Item 10. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.

Bladen County  
Lisa Coleman  
P.O. Box 965  
Elizabethtown, N.C. 28337  
(910) 862-6720

Town of White Lake  
Amber Glisson  
P.O. Box 7250  
White Lake, N.C. 28337  
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301 N Norwood St  
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Elizabethtown ABC Board  
Mark Gillespie  
2817 W. Broad Street  
Elizabethtown, NC 28337  
(910) 862-2332

Town of Bladenboro  
Jan Hester  
P.O. Box 455  
Bladenboro, NC 28320  
(910)-863-3655

Town of Dublin  
Ashley Matthews  
P.O. Box 36  
Dublin, NC 28332  
910-862-4301

Town of Erwin  
Audit Proposal

Item 11. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book). Provide a copy of the firm's Statement of Policy and Procedures. Include any potential personal or professional conflicts of interest.

As stated in Thompson, Price, Scott, Adams & Co., P.A.'s Quality Control Documents:

It is the policy of our firm that all professional personnel be familiar with and adhere to the independence rules, regulations, interpretations, and rulings of the AICPA, the State of North Carolina Board of Accountancy, and the North Carolina Association of Certified Public Accountants.

In this regard, any transaction, event, or circumstance that would impair the firm's independence on compilation, review, audit, forecast, projection, or attestation engagements is prohibited. Although not necessarily inclusive of all transactions or events that may impair our firm's independence, the following are considered to be prohibited transactions:

- a. Investments by any professional employee in a client's business.
- b. Investments by any professional employee with a client, or with client personnel.
- c. Borrowing from or loans to a client, or client's personnel.
- d. Accepting cash or gifts from a client (with the exception of noncash token Christmas gifts of nominal value.)
- e. Certain family relationships between professional personnel and client personnel. (Consult the managing partner for a ruling on these.)

Notwithstanding the preceding policy and list of prohibited transactions, at the managing partner's discretion, certain prohibitions can be waived if it is deemed to be in the best interest of the firm. However, in so doing, the engagement service performed for the client must be limited to that allowed by AICPA professional literature for nonindependent situations.

The procedures listed below should be followed to ensure compliance with this policy:

1. All professional personnel are required to sign a representation letter when hired (and to be reviewed annually thereafter) that acknowledges their familiarity with the firm's independence policies and procedures.
2. All professional personnel are required to notify the managing partner of any potential violation of a prohibited transaction or independence rule as soon as they become aware of such a situation. To acknowledge that responsibility, professional personnel are required when hired (and annually thereafter) to sign a representation letter and to list situations they know of that could impair our firm's independence.
3. All professional personnel are required to review the firm's client list annually for possible independence violations. The list of clients is maintained in the computer and each employee has a copy. Additions to the list are communicated on a timely basis by a memorandum from the managing partner. When hired (and reviewed annually thereafter) all professional personnel are required to sign a representation that confirms this responsibility.

Town of Erwin  
Audit Proposal

Item 11 Continued:

4. If our firm is engaged as principal auditor and another firm is engaged to examine a subsidiary, branch, division, governmental component unit, or to perform procedures on an element or account grouping within a client's financial statement, the engagement team is required to obtain a written representation regarding the other firm's independence with respect to our client. Furthermore, in a compilation, review, forecast, projection, or attestation engagement, if another firm performs work on a segment of the engagement, a representation (either written or oral) regarding the other firm's independence is required. The PPC manuals (located in the library) contain examples of representation letters used in such situations.
5. The Partners have the primary responsibility for determining if there are significant unpaid fees on any clients that would impair the firm's independence. The firm's client accounts receivable listing and the Partner's knowledge of any unbilled fees should be considered in making this determination.
6. To monitor compliance with our firm's policy and procedures on independence, representation letters are obtained when a professional employee is hired, and annually thereafter, and are routed to the managing partner for his review. During our firm's annual quality control (QC) inspection program, a sample of employee personnel files will be reviewed to determine that a current independence representation is on file. Also during this inspection, a sample of engagements will be reviewed to determine compliance at the engagement level with our firm's independence procedures.

Also included in our quality controls, is for all personnel to be familiar with and adhere to the independence rules, regulations, interpretations and rulings of the American Institute of Certified Public Accountants, the North Carolina Board of Certified Public Accountants, the North Carolina Association of Certified Public Accountants and Government Auditing Standards, issued by the Comptroller General of the United States. In this regard, any transaction, event or circumstance that would impair the firm's independence on this engagement is prohibited. Thompson, Price, Scott, Adams & Co., P.A. is free from any of the above transactions, events and circumstances, and therefore is independent in all matters relating to the Town of Erwin.

See Appendix A for the copy of the Firm's Statement of Policy and Procedures.

Town of Erwin  
Audit Proposal

Item 12. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements..

Thompson, Price, Scott, Adams & Co., P.A. maintains a four-million-dollar professional liability insurance policy. Each year the policy is reviewed to ensure adequate coverage. The firm also carries a workers compensation policy that pays up to \$100,000 per accident.

Town of Erwin  
Audit Proposal

Item 13. Describe any regulatory action taken by any oversight body against the proposing audit organization or the local office.

The firm or local office has had no regulatory action taken against it.

Town of Erwin  
Audit Proposal

Item 14. Comment on your knowledge of and relationship with the NC Local Government Commission and the University of North Carolina School of Government in Chapel Hill.

The Firm has a good relationship with the NC Local Government Commission. We have been doing local government audits in North Carolina for over forty-five years. We have had a partner teach a class at one of the conferences at the UNC School of Government in Chapel Hill.

QUALITY CONTROL DOCUMENT  
THOMPSON, PRICE, SCOTT, ADAMS & CO., P.A.

## QUALITY CONTROL DOCUMENT

The firm's quality control policies and procedures for the six elements of quality control are presented on the following pages. All employees and members of the firm are provided copies and are responsible for understanding, implementing, and adhering to these policies and procedures.

Any questions, concerns, or recommendations about the firm's quality control system should be communicated to the quality control manager/managing partner.

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## LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

The objective of the leadership responsibilities element of a system of quality control is to promote an internal culture based on the recognition that quality is essential in performing engagements.

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the policies and procedures described below.

It is the firm's policy to promote a culture of quality that is pervasive throughout the firm's operations through the development of its system of quality control. Firm management, under the direction of the managing partner, assumes responsibility for the firm's system of quality control and designs the system to (a) emphasize the importance of performing work that complies with professional standards and regulatory and legal requirements and (b) issue reports that are appropriate in the circumstances. In maintaining a culture of quality, the firm emphasizes the importance of ethics and integrity in every decision that personnel make, particularly at the engagement level.

The firm ensures compliance with this policy by implementing the following procedures:

1. The firm dedicates sufficient and suitable resources to its quality control system and quality initiative and assigns the operational responsibility for the firm's quality control system to individuals with the experience, ability, and authority to identify, develop, and implement the necessary quality control policies and procedures. The firm appropriately communicates clear, consistent, and frequent actions and messages that emphasize the firm's quality control policies and procedures. Such actions and messages include-
  - Providing a copy of the firm's system of quality control document to all new professional employees and reviewing the document and its importance with them.
  - Reviewing the firm's quality control policies and procedures, especially in areas where questions or problems have arose, with personnel during firm training sessions.
2. The engagement partner evaluates client relationships and engagements to ensure that commercial considerations are not placed ahead of the firm's commitment to quality control. Additionally, the firm's compensation and advancement policy and procedures (covered in the human resources quality control document) do not place commercial considerations ahead of the quality of work performed.
3. The managing partner and other partners in the firm demonstrate the importance of quality by their actions. Such actions include-
  - Making decisions with a focus on the public interest and emphasizing that personnel do the same.
  - Demonstrating the importance of creating and maintaining a good public reputation.
  - Ensuring partners and staff have sufficient time and resources to solve engagement challenges.
  - Following the spirit, as well as the letter, of professional, regulatory, and legal standards.
  - Displaying enthusiasm and sincerity in communicating its commitment to a quality initiative.
  - Demonstrating consistency.
4. The engagement partner assumes responsibility for the overall quality of each engagement to which he or she is assigned and sets an appropriate example throughout their workday. The code of conduct is regularly communicated and reiterated to all employees and is posted in various common areas throughout the office.
5. The firm has established its core values that reflect the firm's quality and guides personnel to make appropriate decisions throughout their workday. The core values are regularly communicated and reiterated to all employees and are available to staff via computer.
6. The firm establishes and maintains a positive work environment by combining the firm's quality objectives with the personnel's needs to be valued and appreciated.
7. The firm hires, compensates, and promotes individuals who possess and exhibit high levels of integrity, as covered in the Human Resources QC policies and procedures.
8. The firm requires all CPA's to obtain ethics training annually, as covered in the Relevant Ethical Requirements QC policy and procedures. The CPA's are expected to set the tone for all staff personnel assisting with the firm's engagements.

9. The firm rewards personnel who demonstrate a commitment to quality through its performance evaluation, compensation, and advancement system, as covered in the Human Resources QC policies and procedures.
10. The firm does not allow unethical behavior to occur unchallenged and addresses instances of noncompliance with the firm's quality control system through swift disciplinary action or, in extreme cases, termination of the offending employee.
11. Firm personnel are encouraged to provide feedback and recommendations on the firm's quality control policies and procedures by providing recommendations to their engagement partners.
12. At least annually, the firm's leadership responsibilities policy and procedures are reviewed to determine if they are appropriate and operating effectively, as covered in the Monitoring QC policies and procedures.

## RELEVANT ETHICAL REQUIREMENTS

The objective of the relevant ethical requirements element of a system of quality control is to provide the firm with reasonable assurance that the firm and its personnel comply with relevant ethical requirements (in fact and in appearance) when discharging professional responsibilities. Relevant ethical requirements include independence, integrity, and objectivity.

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the following policies and procedures.

It is the policy of our firm that all professional personnel be familiar with and adhere to relevant ethical requirements of the AICPA, contained in the *Code of Professional Conduct*, the AICPA's Center for Audit Quality (CAQ), the United States Government Accountability Office (GAO), applicable State Boards of Accountancy, State CPA Societies, state statutes and other regulatory agencies where applicable. Furthermore, it is the policy of our firm that for engagements that are subject to *Government Auditing Standards* and other applicable regulatory agencies, all professional personnel be familiar with and adhere to the relevant ethical requirements included in those standards and that personnel will always act in the public interest.

Additionally, when the firm and its professional personnel encounter situations that raise potential independence threats, but such situations are not specifically addressed by the independence rules of the AICPA *Code of Conduct*, the situation will be evaluated by referring to the *Conceptual Framework for AICPA Independence Standards* and applying professional judgment to determine whether an independence breach has occurred. The firm will take appropriate action to eliminate those threats or mitigate them to an acceptable level by applying safeguards. If effective safeguards cannot be applied, the firm will withdraw from the engagement or take other corrective actions as appropriate to eliminate the breach.

The firm ensures compliance with these policies by implementing the following procedures:

1. All professional personnel are required to complete an independence questionnaire when hired (and annually thereafter) that acknowledges their familiarity with the firm's relevant ethical requirements policies and procedures, particularly with regard to independence. The representation also lists known circumstances, relationships, and gifts, if any, that may create a potential threat to independence or violate the firm's relevant ethical requirements policy. Such signed representation letters are also required from part-time, seasonal, and contract professionals and any other individuals who work on accounting and auditing engagements and are required to be independent.

Copies of all completed independence confirmations are retained in our quality control books.

2. All professional personnel consider the firm's current clients in conjunction with completing the independence questionnaire for identification of threats to, or breaches of, independence. All attest clients that require us to be independent are included in each office's time and billing database. Any new attest clients are communicated via staff meetings.
3. Ethics training is provided for professional personnel as required by the relevant State Board of Accountancy.
4. To ensure that independence is properly addressed at the engagement level, the engagement partner considers relevant information about client engagements and evaluates the overall effect, if any, on independence requirements as part of the engagement and acceptance decision. The work programs and forms in our accounting and auditing guidance materials used by the firm contain steps requiring an evaluation of independence on each new and recurring engagement. Furthermore, our accounting and auditing guidance materials contain reporting guidance for the types of engagements where a lack of independence is allowed.
5. All professional personnel are required to promptly notify the engagement partner of any circumstances or relationships that may create a potential threat to independence (such as a potential prohibited transaction) or an independence breach, so that appropriate action can be taken. To acknowledge that responsibility, all professional personnel are required when hired (and annually thereafter) to complete an independence representation and to list known circumstances and relationships that may create a potential threat to independence or violate the firm's relevant ethical requirements policies. A copy of the completed independence representation is retained in the firm's quality control notebook. Professional standards of relevant ethical requirements that govern the firm are available electronically through access to RIA

Checkpoint or Accounting Research Manager. These standards, including the AICPA's Conceptual Framework for AICPA Independence Standards and the advice of the engagement partner may be consulted if an employee is unsure if a threat to independence should be reported to firm management.

6. If a potential threat to independence is identified, the engagement partner/staff accumulates and communicates relevant information to appropriate personnel so (a) firm management and the engagement partner or managing partner can determine whether they satisfy independence requirements, (b) the engagement partners can take appropriate action to address identified threats to independence, and (c) the firm can maintain current independence information. For clients of whom the firm is not independent, only compilation and preparation services are performed.
7. If performing a group audit, the firm is required to obtain a written representation regarding the component auditor's independence with respect to the client. The PPC manuals used by the firm contain examples of representation letters used in such situations. Furthermore, in a review or attestation engagement, if another firm performs work on a segment of the engagement, a representation (either written or oral) regarding the other firm's independence is required. The engagement programs in the PPC manuals used by our firm contain steps to ensure compliance with these procedures.
8. The engagement partner has the primary responsibility to identify all nonattest services performed for an attest service client and for determining if such nonattest services impair independence with respect to that client. Reviewing nonattest services performed for attest clients includes obtaining and documenting an understanding with the client regarding the client's responsibilities for the nonattest services performed by the firm. Where applicable, this includes determining whether such nonattest (nonaudit) services impair independence under the independence rules in *Government Auditing Standards*. Firm engagement work programs for all attest engagements include steps to ensure compliance with this procedure.
9. The engagement partner has the primary responsibility for determine whether actual or threatened litigation has an effect on the firm's independence with respect to the client. The firm's independence could be impaired by litigation (a) between the client and the firm, and (b) from other third parties
10. If the firm is engaged as principal auditor to report on the basic financial statements of a financial reporting entity, all professional personnel must be independent of the financial reporting entity. If the firm is engaged as principal auditor to report on a major fund, non-major fund, internal service fund, fiduciary fund, or governmental component unit of the financial reporting entity, all professional personnel must be independent of the fund or entity the firm reports on. The engagement partner has the primary responsibility for determining whether the firm's relationship with entities in the governmental financials statements has an effect on independence.
11. If a breach of independence is identified, the firm promptly communicates the breach and the required corrective actions to (a) the engagement partner, who (along with the firm) has the responsibility to address the breach and (b) other relevant personnel in the firm and those subject to the independence requirements who need to take appropriate action. The engagement partner confirms to the firm when required corrective actions related to the breach and noncompliance with these policies and procedures has been taken.
12. The engagement partner has the primary responsibility for determining if there are unpaid fees on any of his/her clients that would impair the firm's independence. The firm's client accounts receivable listings and the engagement partner's knowledge of any unbilled fees should be considered in making this determination.
13. At least annually, the managing partner reviews the firm's ethical requirements policy and procedures to determine if they are appropriate and operating effectively. This review is performed and documented as part of our monitoring procedures. Changes, if necessary, to the system are made based on the results of that review.

## ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

The objective of the Acceptance and Continuance of Client Relationships and Specific Engagements elements of a system of quality control is to establish criteria for deciding whether to accept or continue a client relationship and whether to perform a specific engagement for a client. Our client acceptance and continuance policies represent a key element in mitigating litigation and business risk. Accordingly, it is important that our firm be aware that the integrity and reputation of client management could reflect the reliability of the client's accounting records and financial representations and, therefore, affect the firm's reputation or involvement in litigation. Our policies and procedures related to the acceptance and continuance of client relationships and specific engagements provides us with reasonable assurance that we will undertake or continue relationships and engagements only where we:

- Have considered the integrity of the client, including the identity and business reputation of the client's principal owners, key management, related parties, and those charged with its governance, and the risks associated with providing professional services in the particular circumstances;
- Are competent to perform the engagement and have the capabilities and resources to do so;
- Can comply with legal and ethical requirements; and have reached an understanding with the client, in writing, regarding the services to be performed.

### **Thompson, Price, Scott, Adams & Co., P.A.**

It is the policy of our firm that, for all audit, attestation, review, compilation, and preparation service engagements, the acceptability of the client and the engagement be evaluated before the firm agrees to provide professional services and that the firm will accept only engagements where it has considered the integrity of the client, and believes the engagement can be completed with professional competence after considering the risks associated with providing professional services in the particular circumstances. The procedures listed below are followed to ensure compliance with this policy:

1. For each prospective client (or existing tax or consulting client) that requests for the first time a audit, attestation, review, compilation, or preparation service, the partner making initial contact with the client is required to complete an "Engagement Acceptance Form. (The "Engagement Acceptance Form" is in the PPC subscription package that the firm uses for materials.) That form documents, among other things,
  - Background information, including financial information regarding the client and its operations
  - An assessment of the apparent integrity of management or its officers based on contacts or discussions with others
  - Possible independence problems or conflicts of interest
  - An assessment of the firm's competence, capabilities, resources, and appropriate firm and individual licensure in the stat(s) in which the client operates;
  - The results of communications with the client's prior accountants (if applicable)

The completed Engagement Acceptance/Continuance Form is included in our work papers for each individual client.

We also consider whether the client is likely to agree to our firm's standard Terms and Conditions included in our engagement letters.

2. For existing clients, the engagement partner annually reviews the firm's client list and reevaluates the acceptability of each client and engagement. Generally, reasons that might surface in either the firm-wide or individual engagement review that would cause the firm to consider discontinuing services include significant changes in the client and its operations or the existence of conditions that would have caused the firm to reject the client or engagement had such conditions existed at the time of the initial acceptance. Furthermore, the engagement work programs used by the firm (as documented in the engagement performance quality control element of the firm's quality control document) contain steps requiring the engagement team to consider whether the firm should discontinue providing all or certain services to a client.

3. The managing partner or the engagement partner documents how issues identified during the acceptance and continuance process were overcome and resolved so that the firm decided to accept or continue the client relationship or specific engagement. Such documentation includes discussion of significant issues, consultations, conclusions, and the basis for the conclusions.
4. The engagement partner is notified of any instances in which the firm should discontinue providing all or certain services to a client or should withdraw from a current engagement. The managing partner is responsible for all communications with clients regarding the discontinuance of services. Furthermore, the managing partner should consider whether outside legal counsel should be consulted in making that decision. The engagement team will be notified by the managing partner of the name of any client to which services are discontinued. Significant issues, consultations, conclusions, and the basis for the conclusions should be documented when withdrawal from an engagement or from both the engagement and the client relationship occurs.
5. The engagement partner is responsible for ensuring that an engagement letter is obtained for each project. The engagement letter should document the firm's understanding with the client regarding the nature, scope, and limitations of the services to be performed, as well as the identification of the engagement partner and his or her role.
6. For audit engagements, the engagement partner is responsible for:
  - Becoming satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and specific audit engagements have been followed
  - Determining that the acceptance and continuance conclusions reached are appropriate.
  - When information is obtained that would have caused the firm to decline the engagement had such information been known initially, promptly communicating such information to the firm so that the firm and the engagement partner can take the necessary action.
7. If the firm discovers a potential conflict of interest during the acceptance and continuance decision, the engagement partner determines whether it is appropriate to accept or continue the engagement. If the engagement is accepted or continued, the ethical requirements under ET 1.110.010, *Conflicts of Interest*, are considered.
8. At least annually, the managing partner reviews the firm's acceptance and continuance of client relationships and specific engagement policy and procedures to determine if they are appropriate and operating effectively. This review is performed and documented as part of our monitoring procedures. Changes, if necessary, to the system are made based on the results of the review.
9. Because of the firm's significant concentration in governmental audits, engagement partners and/or managers should review the independence determination prior to the acceptance of the engagement to ensure that the firm will be in compliance with the revised Yellow Book standards. Team assignments will be made to ensure that safeguards are in place to mitigate the risk associated with any threats to independence that are identified.

## HUMAN RESOURCES

The objective of the human resources element of a system of quality control is to provide the firm with reasonable assurance that it has sufficient personnel with capabilities, competence, and commitment to ethical principles necessary (a) to perform its engagements in accordance with professional standards and regulatory and legal requirements and (b) to enable the firm to issue reports that are appropriate in the circumstances.

Having effective quality control policies and procedures over the human resources element will help ensure the proficiency of its personnel. The activities of a comprehensive human resources quality control system includes-

- Recruiting and Hiring
- Determining Competencies and Capabilities
- Assignment of Engagement Teams
- Professional Development.
- Performance Evaluation, Compensation, and Advancement.

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the policies and procedures identified below. At least annually, the managing partner reviews the firm's human resources policies and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

### **Recruitment and Hiring**

It is the firm's policy that recruitment and hiring decisions for the professional staff be based on an objective evaluation of our personnel needs, that candidates possess the appropriate characteristics to perform competently, and that new employees are adequately informed of the firm's policies and procedures. The firm ensures compliance with this policy by implementing the following procedures:

1. Annually, engagement partners assess the personnel needs of the professional staff of their group by considering, among other things, criteria such as our ability to serve current clients, anticipated growth, personnel turnover, individual advancement, current staff workload, quality of life and succession plans.
2. The firm's personnel policies and procedures relevant to applicants and new employees are communicated to them through our personnel manual, orientation programs, and our quality control document.

### **Determining Capabilities and Competencies**

It is the firm's policy to ascertain whether individual members of the professional staff possess requisite capabilities and competencies. In making this determination, the firm primarily considers qualitative measures, as opposed to quantitative ones.

Capabilities and competence are developed through a variety of methods; for example:

- Professional education
- Continuing professional development, including training
- Work experience
- Mentoring by more experience staff; for example, other members of the engagement team

The firm ensures compliance with this policy by implementing the following procedures:

1. Periodically, the managing partner assesses the capabilities and competencies of engagement partners to help assure proper engagement performance. The following capabilities and competencies are assessed based on the characteristics of the particular client, industry, and service provided:
  - a. An understanding of the role of the firm's quality control system and the *Code of Professional Conduct*.
  - b. An understanding of the performance, supervision, and reporting aspects of the service to be performed.
  - c. An understanding of the applicable accounting, auditing, and attestation professional standards, including those directly related to any special industries.
  - d. An understanding of applicable industries and each industry's organization and operating characteristics, sufficient to identify high or unusual risk areas and to evaluate the reasonableness of industry-specific estimates.
  - e. Proficiency and seasoned judgment in discharging assigned responsibilities.
  - f. An understanding of how the organization uses information technology and the manner in which information systems are used to record and maintain financial information.
2. The firm considers other engagement partner capabilities and competencies as needed in the circumstances, which may include an understanding of the following —
  - a. Various personal attributes, such as integrity and ethics, professionalism, project management skills, etc.
  - b. Leadership qualities, including strategic thinking and planning, negotiating and persuading, teamwork, problem solving, coaching and empowerment, etc.
  - c. Perspective on business issues, such as managing and developing people, marketing and selling, knowledge of best practices, business advisory skills, etc.
3. The firm determines how engagement partners and other personnel can best obtain additionally needed capabilities and competencies.
4. Performance evaluations are conducted, at least annually, to determine the capabilities and competencies possessed by each professional staff other than partners.

#### **Assignment of Engagement Teams**

It is the firm's policy that each engagement be supervised by an engagement partner/manager with appropriate authority. Additionally, staff assigned to engagements (including partners) should possess the necessary competence and capabilities to perform engagements that comply with professional standards and applicable legal and regulatory requirements and enable the firm to issue reports that are appropriate in the circumstances. The firm ensures compliance with this policy by implementing the following procedures:

1. In addition to assessing the engagement partner's capabilities and competencies (see the Determining Capabilities and Competencies section), the managing partner clearly defines and communicates the responsibilities and authority of an engagement partner to the partner, and evaluates the partner's work load to ensure that he or she has the time to adequately perform the role.
2. The identity and role of the engagement partner are communicated to client management and those charged with governance through a written engagement letter.

3. Periodically, the partner's assess the staffing (including partner assignments) requirements of each client and engagement and develops a partner and staff assignment plan. This plan is communicated to the staff during staff meetings.
4. The firm recognizes that many modifications to the staff assignments plan will be required because of changes in client circumstances that affect the competencies appropriate for the client engagement, ongoing consideration of competencies possessed by firm partners and personnel assigned to particular engagements, the addition or loss of clients, staff turnover, delays in the timing of work or other unforeseen events. Modifications are made based on an informal meeting of the partners and managers affected by the changes and a reconsideration of the planning factors discussed above. Any disputes regarding assignment of personnel are resolved by the managing partner. Members of the staff are informed orally by the engagement partner of staffing changes and new assignments.

### **Professional Development**

It is the firm's policy that all professional personnel employed by Thompson, Price, Scott, Adams & Co., P.A. comply with the continuing professional education requirements of the AICPA, state societies, state Boards of Accountancy, the U.S. Government Accountability Office, and other regulatory agencies, if applicable; that all professional staff maintain an adequate awareness and understanding of current developments in professional standards; and that all professional staff assist in the training and development of staff members under their supervision.

The procedures listed below are followed to ensure compliance with this policy:

1. Annually, each office partner approves CPE courses for their respective office personnel based on engagement assignments for the year.
2. The partner in charge of the office monitors employee progress toward meeting the CPE plan for their respective office.
3. All professional personnel are to obtain a minimum of 40 hours of CPE each year (or, alternatively, meet the CPE requirements of the AICPA) in programs that qualify for credit under the CPE rules that govern the firm.
4. Individuals who work on audits and attestation engagements subject to the *Government Auditing Standards*, including planning, directing, performing audit procedures or reporting, should complete at least 24 hours of CPE in each two year period that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. In addition, auditors who do any amount of planning, directing, or reporting on Yellow Book assignments and auditors who are not involved in those activities but charge at least 20% of their time annually to Yellow Book assignments are required to also obtain at least another 56 hours in each two year period (for a total of 80 hours) of CPE that enhances their professional proficiency to perform audits or attestation engagements. In other words, everyone working on a Yellow Book engagement has to meet the 24-hour requirement. However, auditors who do not do any planning, directing, or reporting on a Yellow Book engagement or who do not spend at least 20% of their time annually on Yellow Book engagements are not required to obtain an additional 56 hours of CPE to comply with the 80-hour requirement. Auditors who are hired or initially assigned to GAGAS audits after the beginning of an audit organization's 2 year CPE period should complete a prorated number of CPE hours.

For measuring compliance with these requirements, we measure compliance with the two year requirements using two year periods that end in an even number (2014, 2016, etc). At least 20 hours of training meeting the 80 hour requirement are required to be completed in any one year of the two year period. However, at the engagement partner's discretion, this requirement may be waived (if only employed part of the year, etc.) There is no minimum annual requirement related to training meeting the 24 hour requirement. Compliance with this requirement is documented in the quality control book each year.

5. For continuing professional education purposes, the firm defines "professional" as one who interacts with clients and provides professional services requiring specialized skills or knowledge, or advice on which the client intends to rely, for any of the firm's clients (whether or not they are a CPA). For example, professionals may include: (a) CPA's and individuals qualified to seek that status, (b) part-time employees who work on a year-round basis on accounting and auditing engagements and/or tax services, and (c) individuals who provide services or advice directly to the client regardless of their education, depending on the types of duties performed. An individual would not be considered a professional, for continuing professional education purposes if their duties are primarily clerical in nature, the employees provides no input on technical matters directly affecting our clients, and is appropriately supervised. The managing partner may exempt staff whose primary job is nondisclosure financial statements.
6. Generally, only CPE alternatives that qualify for credit under CPE rules that govern our firm will be considered when planning our CPE program. Such alternatives normally include seminars and conferences sponsored by the AICPA, state societies or other professional organizations; video training courses, satellite conferences and webcasts; self-study courses, including online and Internet training; in-house seminars and programs; acting as an instructor, speaker, or discussion leader; university or college courses; and published books, articles, and CPE courses. Specifically, when CPE hours are to be fulfilled by in-house seminars, workshops, or discussion groups, each in-house program should comply with the following CPE standards:
  - a. The program would maintain and/or increase the professional competence of participants.
  - b. Participants should be informed in advance of pertinent course information
  - c. The program should be developed by an individual qualified in the subject matter and knowledgeable in instructional design.
  - d. Instructors should be qualified with respect to both program content and teaching methods used.
  - e. The number of participants and physical facilities should be appropriate for the teaching method(s) specified.
7. Appropriate CPE documentation is maintained for each professional for the most recent five years.
8. Each professional in our firm must recognize his or her responsibility to comply with applicable continuing professional education requirements to maintain technical competency. Accordingly, all professionals are encouraged to engage in self-development activities.
9. The firm recognizes the benefit of other professional development activities and encourages personnel at each staff level to participate in activities such as completing external professional development programs, becoming members of professional organizations, serving on professional committees, writing for professional publications, and speaking to professional groups.
10. The firm recognizes the importance of on-the-job training and encourages personnel with supervisory responsibility to be aware of situations where they can provide on-the-job training.
11. The firm's fiscal year for CPE for employees is for the year ended December 31, and this conforms to the applicable states the firm practices in.

## **Performance Evaluation, Compensation, and Advancement**

It is the policy of our firm that performance evaluation, compensation, and advancement decisions for professional personnel be based on a timely and objective evaluation of individual performance, that the professional personnel selected for advancement should have the necessary qualifications to fulfill their assigned responsibilities, and that compensation of personnel, including partners, be based on the quality of their work. The procedures listed below are followed to ensure compliance with this policy:

1. Personnel classification levels are used to designate staff experience, to evaluate individual performance and to establish criteria for promotion. The following professional staff levels are used by the firm in our accounting and auditing practice:
  - a. **Staff Accountant**—Assume responsibility for unaudited financial statement engagements, segments of audits, or the completion of tax returns under the supervision of more experienced staff.
  - b. **Senior (In-charge)**—Assume responsibility for the supervision of unaudited financial statement engagements, audits, and tax return preparation engagements.
  - c. **Manager (Supervisor)**—Plan and supervise assigned engagements as well as assist in administrative functions of the office and the development of new practice opportunities.
  - d. **Partner**—Assume ultimate responsibility for all assigned engagements, perform assigned administrative duties, and participate in civic and community activities.
2. All professional staff are evaluated by their supervisors and/or the partner in charge of the office at least annually.
3. Annually, each partner completes a partner self-evaluation form and an evaluation form for all other partners. Partner compensation considers these evaluations.
4. At least annually, and on an *ad hoc* basis if necessary, the partners meet as a committee to discuss advancement, compensation, and termination decisions.

## ENGAGEMENT PERFORMANCE

The objective of the engagement performance element of a system of quality control is to provide the firm with reasonable assurance (a) that engagements are consistently performed in accordance with applicable professional standards and regulatory and legal requirements, and (b) that the firm or the engagement partner issues reports that are appropriate in the circumstances. Policies and procedures for engagement performance should address all phases of the design and execution of the engagement, including engagement performance, supervision responsibilities, and review responsibilities. Policies and procedures should also require that consultation takes place when appropriate. In addition, a policy should establish criteria against which all engagements are to be evaluated to determine whether an independent review should be reviewed.

Engagement performance encompasses many aspects of performing an engagement, from the initial planning stages to the issuance of the report and assembly of the workpapers. Additionally, it is not uncommon for the firm's engagement teams to occasionally encounter complex or contentious issues that result in the need for consultation or that create differences of opinion. The firm believes in a strong quality control system and supports frequent independent reviews. While all of these activities are part of the engagement performance element of the quality control system, the firm has chosen to differentiate certain activities within this section of the quality control document for ease of understanding. The activities are segregated as follows:

- Engagement Performance and Documentation.
- Engagement Quality Control Review
- Consultation and Differences of Opinion

Thompson, Price, Scott, Adams & Co., P.A. policies and procedures for each of these activities are described below. At least annually, the managing partner reviews the firm's engagement performance policies and procedures to determine if they are appropriate and operating effectively. See the MONITORING section of this document for further information.

### **Engagement Performance and Documentation**

It is the firm's policy that all audit, attestation, review, compilation, and preparation service engagements be properly planned, performed, supervised, reviewed, documented, and reported or communicated in accordance with the requirements of professional standards, applicable legal and regulatory requirements, and the firm. In this regard, the firm's system of engagement performance quality control (QC) steps are to be followed

The firm adopts and integrates within its quality control system the use of PPC accounting and auditing manuals and practice aids. This quality control document, the PPC manuals, and any other practice aids used by the firm are intended solely to assist us in achieving compliance with professional standards. Accordingly, nothing within this quality control document should be construed as requiring a higher level of performance or documentation than the minimum specifically required by our firm's quality control policies and procedures, nor to override the exercise of professional judgment.

## Engagement Quality Control Review

It is the firm's policy to evaluate all engagements against criteria established by the firm to determine whether an engagement quality control review should be performed, and to perform an engagement quality control review for all engagements that meet those criteria. Engagement Quality Control Reviews are completed before the report is released. The firm ensures compliance with this procedure by implementing the following procedures:

1. The firm establishes criteria for performance of an engagement quality control review (EQCR) In establishing such criteria the firm considers:
  - The structure and nature of the firm's practice
  - The nature of the engagement, including whether it involves a matter of public interest
  - Whether unusual circumstances or risk have been identified related to the engagement, engagement service type, or industry
  - Whether laws or regulations require an independent review to be performed
2. The firm establishes criteria for each major type of service provided (i.e., preparation, compilation, review, audit, and attestation engagements). All engagements are evaluated against the established criteria. An engagement quality control review is performed for all engagements that meet the established criteria.
3. The firm may periodically make changes to the established criteria based on changes in the firm's practice.
4. Based on the current composition of the firm's accounting and auditing engagements, the firm has concluded that engagement quality control reviews should be performed based on the following criteria:
  - Differences in opinions of the audit team that have not been resolved
  - Any engagement that a member of the engagement team has addressed concerns or issued a compliant or allegation.
  - Any engagement where the engagement team feels we should withdraw from.
  - For all audits that are significantly different from audits previously performed by the firm.
5. Performing an engagement quality control review includes the following procedures-
  - A discussion with the engagement partner about significant findings and issues.
  - Reading the financial statements or other subject matter information and the proposed report.
  - A review of selected engagement documentation relating to the significant judgments and the conclusions reached.
  - An objective evaluation of significant judgments made and the conclusions reached in formulating the report.
  - Reviewing for appropriateness the resolution and conclusions reached regarding differences of opinion and matters requiring consultation.
  - Considering the evaluation of the firm's and the engagement team's independence in relation to the specific engagement.

The extent of the EQCR may depend upon, among other things, the complexity of the engagement and the risk that the report might not be appropriate in the circumstances.

6. The firm prepares appropriate documentation of the engagement quality control review, including documentation that reflects-
  - The procedures required by firm policies have been performed.
  - The EQCR was completed before the report was released.
  - The reviewer was not aware of any unresolved matters that would have caused him or her to believe that significant judgments made and conclusions reached were not appropriate.
  
7. The appointment of engagement quality control reviewers requires consideration of the technical qualifications necessary to perform the role (including the necessary experience and authority), and the degree to which an engagement quality control reviewer can be consulted during the engagement without jeopardizing the reviewer's objectivity. In selecting appropriate engagement quality control reviewers, the following criteria are followed-
  - The engagement quality control reviewer is selected by the managing partner.
  - The engagement quality control reviewer has sufficient and appropriate experience, technical expertise, and authority for the particular engagement to be reviewed.
  - Engagement quality control reviewers maintain appropriate ethical requirements, such as objectivity, due professional care, and independence. The engagement quality control reviewer satisfies the independence requirements relating to the engagement reviewed.
  - The engagement quality control reviewer does not participate in the performance of the engagement except in a consulting role; for example, the engagement partner may consult the independent reviewer during the engagement to establish that a judgment made by the engagement partner will be acceptable to the engagement quality control reviewer. Both the engagement quality control reviewer and the engagement team are careful to maintain the reviewer's objectivity.
  
8. For audit engagements for which the firm's EQCR criteria stipulate that an EQCR is required, the engagement partner (a) determines that an engagement quality control reviewer has been appointed; (b) discusses with the engagement quality control reviewer the significant findings or issues that arose during the audit, if any; and (c) does not release the auditor's report until the completion of the EQCR.
  
9. When the firm does not have qualified personnel to perform the engagement quality control review, the firm contracts with qualified external individuals or other firms to perform the review. The criteria in Procedure Seven (7) are followed in selecting qualified external engagement quality control reviewers.

## Consultation and Differences of Opinion

It is the policy of our firm that personnel refer to authoritative literature or other sources when appropriate. Our firm also recognizes the need for a constant exchange of ideas and opinions about technical issues on all professional engagements and it is our policy that all professional personnel seek consultation, on a timely basis, within or outside the firm whenever differences of opinion occur or uncertainty exists about the answer to a technical question; the application of a professional procedure or standard; the application of a rule, regulation, or procedure of a tax or other regulatory agency; or the application of a firm policy. We foster an environment where recognition of the need to consult is recognized as a strength, and we encourage personnel to consult on complex, unusual, unfamiliar, difficult, or contentious issues. The procedures listed below are followed to ensure compliance with this policy:

1. The firm maintains or provides ready access to an adequate and up-to-date reference library that includes materials related to clients served and that should be consulted to assist professional staff in their research of technical issues.
2. While the firm recognizes that it is impossible to list all situations that might require referral to authoritative literature or other sources or that might require consultation, the following situations, due to their complexity, may require consultation:
  - a. Any engagement in which a qualified or nonstandard report is likely to be issued.
  - b. Going concern situations
  - c. Any engagement involving material litigation.
  - d. Application of newly issued technical pronouncements.
  - e. Industries with special accounting, auditing, or reporting requirements.
  - f. Accounting for complex or unusual transactions.
  - g. Emerging practice problems.
  - h. Business combinations.
  - i. Corrections of an error, including restatements of financial statements.
  - j. Choices among alternative generally accepted accounting principles upon initial adoption or when an accounting change is made.
  - k. Reissuance of a report, consideration of omitted procedures after a report has been issued, or subsequent discovery of facts that existed at the time a report was issued.
  - l. Filing requirements of regulatory agencies.
3. If a difference of opinion arises within the engagement team or between the engagement partner and the engagement quality control reviewer, the issue is first discussed by the members of the engagement team and the partners. If the engagement partner and the engagement quality control reviewer agree that the issue is resolved at this level, additional consultation is not necessary. However, if any members of the engagement team disagree with the resolution, Procedure 8 should be followed.
4. If the engagement partner or engagement quality control reviewer believes additional consultation is necessary, the issue is discussed with an individual in the firm who has appropriate knowledge, seniority, and experience for the issue in question. When the engagement team is unaware of the name of an individual in the firm who possesses such qualities, the managing partner is consulted for the name of such an individual. Those consulted with are given all the relevant facts that will enable them to provide informed advice. If, in the opinion of the engagement quality control reviewer, the issue is resolved at this level of consultation, additional consultation is not necessary. However, if any member of the engagement team or other individual who consulted on this issue disagree with the resolution, Procedure 8 should be followed.

5. If the engagement partner and/or engagement quality control reviewer believe that additional consultation beyond that available within the firm is necessary, the issue is discussed with an individual outside the firm who has relevant specialized expertise. Such outside individuals include, but are not limited to, the AICPA technical information services and CPAs in other firms. Those consulted are given all the relevant facts that will enable them to provide informed advice. In determining the professional qualifications and reputations of the outside individuals, the firm considers, among other things, the following matters:

- The professional certification, license, or other recognition of competence of the individuals in their areas of expertise, as appropriate
- The reputation and standing of the individuals in the views of his or her peers and others familiar with the individual's capability or performance
- The relationship, if any, of the individuals to the client

If, in the opinion of the engagement quality control reviewer, the issue is resolved, additional consultation is not necessary. However, if any member of the engagement team or other individual in the firm who consulted on the engagement disagrees with the resolution, Procedure 8 should be followed.

6. Certain accounting, audit, or attestations engagements may require the firm to consult with nonaccounting or nonauditing specialist such as actuaries, appraisers, attorneys, engineers, and geologists. The firm should follow the guidance in *AICPA Professional Standards* at AU-C 620 when such consultations are necessary. If any member of the firm or engagement team disagrees with the resolution, Procedure 8 should be followed.

7. The nature and scope of consultations involving contentious or difficult issues are agreed upon by both the individuals seeking consultation and the individuals consulted. Such consultations are sufficiently documented to facilitate understanding of the issue for which consultation was needed, the results of the consultation, the decisions made and the basis for those decisions, and how those decisions were implemented. The conclusions resulting from the consultation are understood by both the individuals seeking consultation and the individuals consulted.

8. If a difference of opinion occurs within the engagement team, between the engagement partner and the engagement quality control reviewer, or with those consulted within or outside the firm, that difference is resolved using Procedures above, if possible. If not, the matter is brought to the attention of the managing partner. The managing partner (with the assistance of other practitioners or regulatory entities if desired) will resolve the dispute regarding the proper course of action to be taken by the firm on the issue in question. The conclusion reached to resolve the matter of disagreement and how that conclusion was implemented should be documented. In addition, any party to the consultation/difference of opinion who disagrees with the final conclusion may document his or her disassociation from the resolution of the matter.

9. For audit engagements, the engagement partner is responsible for ensuring that appropriate consultation is undertaken on difficult or contentious matters. Additionally, the engagement partner ensures that (a) members of the engagement team follow the firm's consultation policies during the course of the engagement, (b) the nature and scope of the consultation are agreed upon with the party consulted, (c) the resulting conclusions are understood by the party consulted, and (d) such conclusions are implemented.

## MONITORING

The objective of the monitoring element of a system of quality control is to provide the firm and its engagement partners with reasonable assurance that the policies and procedures related to the system of quality control are relevant, adequate, operating effectively, and compiled with in practice. Monitoring involves an ongoing consideration and evaluation of the appropriateness of the design, the effectiveness of the operation of the firm's quality control system, and our firm's compliance with its quality control policies and procedures. The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of the following:

- Adherence to professional standards and regulatory and legal requirements
- Whether the quality control system has been appropriately designed and effectively implemented
- Whether the firm's quality control policies and procedures have been operating effectively so that reports issued by the firm are appropriate in the circumstances

Thompson, Price, Scott, Adams & Co., P.A. satisfies this objective by establishing and maintaining the following policies and procedures.

It is policy of our firm that our quality control system be monitored on an ongoing basis to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the elements of quality control are relevant, adequate, operating effectively, and being effectively applied. Monitoring activities include engagement quality control reviews (EQCR), inspection, and post-issuance review. EQCR, performed prior to completion of the engagements, assists in providing ongoing consideration and evaluation of the firm's quality control system. The policy and procedures relating to EQCR are addressed in the ENGAGEMENT PERFORMANCE section of this document. The retrospective monitoring activities performed by the firm relate to inspection and post-issuance review (collectively referred to as inspection/review) and are the primary activities addressed in these monitoring policy and procedures.

As an integral part of the monitoring process, inspection/review procedures are performed on all elements of the firm's quality control system at least annually to determine whether the firm has complied with applicable professional standards and its stated quality control policies and procedures.

The procedures listed below are followed to ensure compliance with this policy:

1. At least annually, the managing partner selects an individual or team (hereafter referred to as the "inspection team") to perform inspection procedures on the firm's quality control system. The inspectors should possess adequate technical knowledge and experience and, when practical, should not be directly involved in the administration, supervision, or performance of the quality control procedures of engagements each will inspect. One inspector on each office inspection team will be designated as the team captain. The inspection will include a review of the governmental audit practice in accordance with the AICPA guidance provided. The monitoring process is planned, performed, and documented using the appropriate monitoring checklist found in the practice aid section of *PPC's Guide to Quality Control* as a work program. The monitoring procedures include review of administrative records to assess compliance relating to quality control elements other than engagement performance. It is the firm's policy to shred any checklists used in the monitoring process, other than a report prepared for the quality control files that summarizes the required items as indicated in item 11 below.
2. At the conclusion of the inspection/review, the monitoring team is responsible for (a) identifying and summarizing the deficiencies noted for each engagement reviewed, and (b) discussing the results of the review with the supervisory personnel responsible for each of the engagements selected for review and determining whether any corrective action needs to be taken or improvements made with respect to those specific engagements. Once identified, the deficiencies are summarized and evaluated to determine whether:
  - Existing quality control policies and procedures should be modified.
  - Additional emphasis should be placed on specific industries or areas for future engagements.

3. The firm pursues one or more of the following actions resulting from its evaluation of the deficiencies noted during inspection/review:
  - Take remedial action directed toward the individual engagement or person.
  - Revise the firm's quality control policies and procedures.
  - Discipline individuals who fail to follow the firm's quality control policies and procedures.
  - Communicate the findings to those responsible for training and professional development.
4. If the monitoring results reveal that an issued report is inappropriate or that procedures were omitted during the performance of the engagement, the firm determines what further actions are required to comply with relevant professional standards and applicable legal and regulatory requirements. Depending upon the specific situation, the firm may obtain legal advice.
5. At least annually, the firm communicates the results of the inspection to all partners and managers involved in accounting and auditing engagements. This annual communication provides a description of (a) the monitoring procedures performed (b) the conclusions reached from such procedures, and (c) any systemic, repetitive, or other significant deficiencies noted and the corrective actions taken to resolve them.
6. In addition to the firm's inspection/review and other monitoring procedures, the firm is subject every three years to a peer review in accordance with the requirements of the AICPA and the North Carolina State Board of Accountancy. The managing partner is responsible for scheduling and coordinating that review. The firm elects to have its peer review count as its inspection for each year in which a peer review is performed.
  - The internal inspection results and monitoring communication are made available to the firm's peer review team.
7. Based on the results of the ongoing monitoring of the QC system, the firm's annual inspection/review, the monitoring communication, and , if appropriate, the results of the firm's peer review report, finding for further consideration form(s), letter of response, and exit conference with the peer review team, the managing partner determines any corrective actions that should be pursued to improve, amend, or revise the quality control system.
8. The partners meet annually (or more frequently as needed on an interim basis) and discuss the monitoring process, the results of the inspection/review, and the corrective actions determined to be needed by the managing partner and consider the implications for the firm.
9. The managing partner is responsible for monitoring and documenting the implementation of, and compliance with, any corrective actions.
10. The managing partner or partner in charge of the office periodically reminds personnel during staff meetings that any concerns regarding complaints or allegations may be communicated to the firm without fear of reprisals. The firm appropriately addresses complaints and allegations by-
  - Investigating complaints and allegations and involving legal counsel if considered necessary. The firm assigns individuals to this process who are trained and knowledgeable about firm procedures and who are not otherwise involved in the engagement relating to the complaint or allegation.
  - Documenting all complaints and allegations.
11. The firm documents the performance of each element of its quality control system on an ongoing basis, as well as in conjunction with documenting its monitoring of the system.

12. The firm retains monitoring documentation for a time sufficient to allow those monitoring the quality control system, including peer reviewers, to evaluate the firm's compliance with its system. The firm generally retains a summary of the monitoring results until the next peer review report has been completed. Documentation includes:

- Evidence of the monitoring procedures performed, including how engagements were selected for review.
- Evaluation of the firm's adherence to professional standards and regulatory and legal requirements.
- Evaluation of whether the quality control system is appropriately designed and effectively implemented.
- Evaluation of whether quality control policies and procedures are operating effectively so that reports issued are appropriate in the circumstances.
- Identification of deficiencies noted, an evaluation of their effect on the quality control system, and the basis for determining what further actions are necessary, if any.

## SUMMARY

The quality control document is to be complied with using professional judgement. The managing partner and/or another partner may issue a report without review or may add/delete to the steps contained therein if in their professional judgement the engagement is performed in accordance with all appropriate requirements. The firm uses the guides of Practitioners Publishing Company as its main source for professional guidance, checklists and audit programs but the partner-in-charge of an engagement may substitute other material if more appropriate in his/her opinion.

At any time a circumstance arises that is not addressed in this document, the PPC and AICPA resources used in drafting this document will be considered in resolving such circumstance.

**TOWN OF ERWIN**  
*North Carolina*

**Section 2**  
**Audit Approach**

**Proposal to Provide**  
**Audit Services**

**Due: March 17th, 2026 4:00 PM**

**Prepared By:**  
**Thompson, Price, Scott, Adams & Co., P.A.**

Town of Erwin  
Audit Proposal

**Town of Erwin  
Erwin, North Carolina**

Proposal to Provide Audit Services  
For the Years Ending June 30, 2026 Through 2028

SECTION II  
Audit Approach

Submitted by *Thompson, Price, Scott, Adams & Co., PA*

P.O. Box 1690  
Elizabethtown, N.C. 28337  
(910) 862-8129

Contact Persons

The individuals authorized to conduct negotiations and discuss the proposal are:

R. Bryon Scott, Partner  
Gregory S. Adams, Partner  
Alan W. Thompson, CPA, Partner



Town of Erwin  
Audit Proposal

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- Item 6. Information that will be contained in the management letter.
- Item 7. Assistance expected from the government's staff, if other than outlined in the RFP.
- Item 8. Tentative schedule for completing the audit within the specified deadlines of the RFP.
- Item 9. Use of Internal Audit Staff – Not applicable.
- Item 10. Specify costs using the format below for the audit year July 1, 2025 to June 30, 2026. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2026 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a "not-to-exceed" amount.
  - A. Audit firm personnel costs – itemize the following for each category of personnel (partner, manager, senior, staff accountant, clerical, etc.) with the different rates per hour.
  - B. Travel – itemize transportation and other travel costs separately.
  - C. Cost of supplies and materials – itemize.
  - D. Other costs – identify completely and itemize
  - E. Method of determining increases in audit costs on a year-to-year basis, If applicable.
- Item 11. List any other information the firm may wish to provide. (NONE)
- Item 12. Audit Cost Summary Sheet.

Town of Erwin  
Audit Proposal

Item 1. Type of audit program used.

In all stages of the audit, the firm uses Practitioners Publishing Company's "Guide to Audits of Local Governments" in conjunction with the "Audit Manual" for governmental Auditors in North Carolina.

Town of Erwin  
Audit Proposal

Item 2. Use of statistical sampling.

We anticipate statistical sampling will be used in selecting transactions to test within revenues, payroll and nonpayroll disbursements and major federal and State programs. We may also use nonstatistical methods based on auditor judgment of the account balance tested and related internal controls.

Town of Erwin  
Audit Proposal

Item 3. Use of automated processes and internal control testing methods.

We use compliance supplements and PPC guidance for testing internal controls. Our use of automated processes is determined by the technological ability of the auditee.

Town of Erwin  
Audit Proposal

Item 4. Use of computer audit specialists.

The Auditor is not aware of the need for the use of computer audit specialists in the engagement. However, if we determine that a computer audit specialist is needed, we have in house IT available.

Town of Erwin  
Audit Proposal

Item 5. Organization of audit team and the approximate percentage of time spent on the audit by each member.

Partners and Audit Manager	40%
Staff	55%
Staff/Clerical	5%

Adequate supervision will be maintained at all times.

Town of Erwin  
Audit Proposal

Item 6. Information that will be contained in the management letter.

The management letter will address any required communications regarding reportable conditions and/or weaknesses in internal controls coming to our attention that are not a required disclosure in the audit report.

Also, it may address ideas and observations, which resulted from our audit that, could improve the Town's current procedures. All items in the management letter will be discussed in the exit conference prior to issuance of the final copy.

Town of Erwin  
Audit Proposal

Item 7. Assistance expected from the government's staff, if other than outlined in the RFP.

No additional assistance will be necessary.

Town of Erwin  
Audit Proposal

Item 8. Tentative schedule for completing the audit within the specified deadlines of the RFP.

- May  
(1 day)      Coordinate and perform preliminary testing.
- June  
(2 days):    Perform all in house planning procedures and coordinate with the  
                 Organization's personnel regarding specific dates to begin preliminary fieldwork.
1. Prepare all confirmations and obtain signatures.
  2. Perform compliance tests of those programs subject to single audit.
- July  
(1 day):      3. Begin preliminary fieldwork to include:
- a. Review of internal control procedures.
  - b. Testing internal control procedures.
  - c. Assembling necessary permanent file documents.
- Aug/Sept  
(2 – 3 Days):    4. Begin fieldwork.
- September  
(1 week)        5. Finish all fieldwork, present client representation letter and attorney  
                         legal letter. Submit draft copy for review.
- Exit conference will be scheduled at the convenience of everyone involved after all fieldwork is complete.
- Audit report presentation will be at the board's convenience.

Town of Erwin  
Audit Proposal

- Item 9. Specify costs for the audit year July 1, 2026 to June 30, 2028. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2026 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.
- A. Audit firm personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rate per hour.
    - 1) Estimated hours categorized as follows:
      - a) On-site interim work
      - b) Year-end on-site work
      - c) Work performed in the auditor’s office
  - B. Travel – Itemize transportation and other travel costs separately.
  - C. Cost of supplies and materials – Itemize.
  - D. Other costs – identify completely and itemize
  - E. Method of determining increases in audit costs on a year to year basis, if applicable.

Town of Erwin  
Audit Proposal

Item 9 Continued:

a. Manpower cost.

Partners	\$	185.00	per hour
			2 hours on site interim
			16 hours on site year end
			32 hours office work
Total hours		50	
Total cost	\$	9,250.00	
Senior Staff	\$	110.00	per hour
			8 hours on site interim
			32 hours on site year end
			28 hours office work
Total hours		68	
Total cost	\$	7,480.00	
Staff/Clerical	\$	60.00	per hour
			0 hours on site interim
			0 hours on site year end
			5 hours office work
Total hours		5	
Total cost	\$	300.00	
Total June 30, 2026		\$ 17,030.00	

b. Travel.

None

c. Cost of supplies and materials.

None

d. Other cost.

None

June 30, 2026 audit fee -	\$	17,000.00	*
June 30, 2027 audit fee -	\$	17,000.00	*
June 30, 2028 audit fee -	\$	17,000.00	*

\*This fee is based on a yellow book audit and not a single audit. If a single audit is required, Federal or State Single Audit Compliance will be an additional \$3,500 per program.

Town of Erwin  
Audit Proposal

Item 10. No information is included.

Item 11. Audit Cost Summary Sheets

TOWN OF ERWIN AUDIT COST SUMMARY

1	Base Audit (General Purpose Financial Statements) \$	12,500
	Includes personnel costs, travel and on-site work.	
2	Financial statement preparation	4,500
3	Extra audit service	-
	Partners \$ 225.00 per hour	
	Senior Staff \$ 135.00 per hour	
	Staff/Clerical \$ 85.00 per hour	
4	Other (explain)	-
5	Other (explain)	-
	Total \$	<u>17,000</u>





# TOWN OF ERWIN

P.O. Box 459 • Erwin, NC 28339  
Ph: 910-897-5140 • Fax: 910-897-5543  
www.erwin-nc.org

**PROCLAMATION RECOGNIZING  
DON FRANKLIN WILSON, SR.  
FOR CITIZEN OF THE MONTH  
2025-2026—006**

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

**WHEREAS**, the Town of Erwin Mayor and Board of Commissioners realize that the Town of Erwin's greatest asset is viewed as the citizens who contribute tirelessly and unselfishly of themselves to aid in the well-being of the residents within the community. These citizens display characteristics and qualities in an individual that strive to make a real difference in the lives of children, adults, and the elderly without desire for recognition, remuneration, or personal gain; and

**WHEREAS**, Mr. Don Franklin Wilson, Sr. of 1989 Chicora Road was born in Dunn, NC on January 1, 1949, to Duncan and Isabel Wilson; and

**WHEREAS**, Mr. Wilson married his wife, Bettie, on March 8, 1969, and their fifty-seven years of marriage have been blessed with two children, Don Wilson Jr. and Ann Wilson Page, and 4 grandchildren, Jon, Anna, Ainsley, and Asher; and

**WHEREAS**, Mr. Wilson graduated from Dunn High School in 1966. He went on to attend East Carolina University, earning a Bachelor of Arts degree in 1975, a Master of Arts in 1984, and an Educational Specialist degree in 1989. He worked in the Education System for 30 years, including 16 years serving as a Principal for Harnett County Schools; and

**WHEREAS**, Mr. Wilson received the Tobacco Belt Football Coach of the Year award in 1976-1977 and was named Principal of the Year in 1996 by the NCAE Division of Principals and Administrators; and

**NOW THEREFORE BE IT RESOLVED** that the Town of Erwin Mayor and Board of Commissioners give recognition and appreciation to Mr. Don Franklin Wilson, Sr. for his valuable contributions to the quality of life in our community and proudly acknowledge Mr. Don Franklin Wilson, Sr. as the April 2026 Citizen of the Month.

**Duly Adopted**, this the 9<sup>th</sup> day of April 2026.

**ATTEST:**

**Randy Baker**  
Mayor

**Lauren Evans, NCCMC**  
Town Clerk

## MINUTES CONTINUED FROM APRIL 9, 2026

### PROCLAMATION FOR CHILD ABUSE PREVENTION MONTH

Mayor Baker presented Harnett County Children's Advocacy Center Director and Forensic Interviewer, Amanda Duncan, and her team with a proclamation proclaiming the month of April as Child Abuse Prevention Month in the Town of Erwin and urged all residents to join in supporting efforts to prevent child abuse and neglect, promote child and family well-being, and build a safer, stronger community for our children.

*The Proclamation is part of these minutes as an attachment.*

### SPECIAL PRESENTATIONS

Firefighter Dillon Parker was recognized as the Employee of the Quarter 1 of 2026. Mayor Pro Tem Ricky Blackmon presented him with a plaque and a glass award to display at work or at home.

### RECESS FOR REFRESHMENTS

Commissioner Blackmon made a motion to take a 10-minute recess at 7:17 PM, and was seconded by Commissioner Nelson. **The Board voted unanimously.**

### RECONVENED

The Board reconvened at 7:27 PM

### PUBLIC HEARING

#### **Lots Accessible through Unimproved Roads Text Amendment**

Commissioner Blackmon made a motion to open the Public Hearing and was seconded by Commissioner Nelson. **The Board voted unanimously.**

Town Planner Dylan Eure stated this text amendment was primarily due to public safety, making sure that all developed lots have some kind of access way for emergency vehicles to be able to travel down. This text amendment addressed roads that were lacking dedication. Upon development, a 22-foot wide access way would be installed with a minimum of 3 inches of aggregate base and shall reach the farthest property line abutting the said unimproved access way, road, or street. There was an exception for a single parcel abutting an unimproved access, which would require a 10-foot-wide access way with a minimum of 3 inches of aggregate base.

Mayor Baker asked if the Board had any questions for Town Staff.

Commissioner Nelson asked if, when there is a cul-de-sac, the person in the back of the cul-de-sac would have to spend more money.

Town Planner Dylan Eure stated that was correct.

Commissioner Nelson asked what if the person could not afford to pay extra.

Town Planner Dylan Eure stated that they would, unfortunately, not be able to develop that lot.



# TOWN OF ERWIN

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## TOWN OF ERWIN CHILD ABUSE PREVENTION MONTH PROCLAMATION 2025-2026—005

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

**WHEREAS**, children are the foundation of a strong and thriving community, and their safety, health, and well-being are essential to the future of the Town of Erwin; and

**WHEREAS**, child abuse and neglect are serious issues that affect children of all ages, backgrounds, and neighborhoods, and preventing maltreatment requires the commitment and cooperation of families, schools, agencies, faith communities, and local leaders; and

**WHEREAS**, Child Abuse Prevention Month serves as an opportunity to raise awareness, promote education, and encourage positive action to protect children and strengthen families throughout our community; and

**WHEREAS**, the Harnett County Children's Advocacy Center and multidisciplinary team partner work tirelessly to provide a coordinated, child-focused response to allegations of abuse, offering hope, healing, and justice through compassionate services, advocacy, and support for children and their non-offending caregivers; and

**WHEREAS**, we recognize that prevention begins with creating safe, stable, and nurturing relationships and environments for all children, and that every citizen has a role to play in ensuring children grow up free from harm;

**NOW, THEREFORE**, the Mayor and Board of Commissioners of the Town of Erwin, do hereby proclaim the month of April as Child Abuse Prevention Month in the Town of Erwin and urge all residents to join in supporting efforts to prevent child abuse and neglect, promote child and family well-being, and build a safer, stronger community for our children.

**DULY ADOPTED**, this the 9<sup>th</sup> day of April 2026.

**ATTEST:**

Randy Baker, Mayor

Lauren Evans, NCCMC, Town Clerk

### MINUTES CONTINUED FROM APRIL 9, 2026

Mayor Baker asked if anyone was present to speak either for or against the proposed text amendment.

Michael Jackson of 309 St Matthew Road stated he was a Planning Board Member and voted against this text amendment. It was his feeling that this would be an honorable idea for a lot of people to do this; it was a good idea, a good concept. He believed it was an intrusion. If someone builds a home, they will have to find funding, and there were enough regulations already. It was a good idea in concept, but in practice and in principle, this text amendment was not a good idea.

Mayor Baker asked if anyone else would like to speak in favor of or against the proposed text amendment.

No one came forward.

Commissioner Blackmon made a motion to close the Public Hearing and was seconded by Commissioner Turnage. **The Board voted unanimously.**

Commissioner Blackmon stated that Commissioner Nelson mentioned cul-de-sacs, but he was more concerned for people who would want to develop far off the road.

Discussion continued amongst the Board.

Commissioner Blackmon made a motion to table this text amendment until our next regularly scheduled Board Meeting on May 7<sup>th</sup> at 7 PM to allow Town Staff and the Board to look over the text amendment further. The motion was seconded by Commissioner Nelson. **The Board voted unanimously.**

### PUBLIC COMMENT

Mayor Baker stated that each speaker is asked to limit comments to 3 minutes, and the requested total comment period will be 30 minutes or less. Citizens should sign up prior to the start of the meeting. Please provide the clerk with copies of any handouts you have for the board. Although the board is interested in hearing your concerns, speakers should not expect board action or deliberation on subject matter brought up during the public comment segment. Thank you for your consideration of the town board, staff, and other speakers. §160a-81.1

Cindy Hair of 119 Erwin Avenue came forward and addressed the Board. She stated that Erwin Avenue was in dire need of paving. The road was in terrible shape and had not been paved in 32-34 years. The road is broken and is bringing everyone's property value down.

Brad Lasater of 148 S 6<sup>th</sup> Street came forward and addressed the Board. He expressed his concern about the smell from EnviroBEE. He stated in the Health nuisance in Chapter 12 of the Erwin Code of Ordinance, it stated that smoke, fumes, gas, dust, soot, cinders, or other particulate matter in such quantities as to render the occupancy or use of property uncomfortable to a person of ordinary sensibilities were declared to be public nuisances adversely affecting the public health. Something had to be done.

### CLOSED SESSION

Commissioner Blackmon made a motion to go into Closed Session Pursuant to General Statute 143-318.11(a) (6) for the Purpose of Discussing Personnel at 7:43 PM and was seconded by Commissioner Nelson. **The Board voted unanimously.**

# Erwin Board of Commissioners

## REQUEST FOR CONSIDERATION

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To: The Honorable Mayor and Board of Commissioners

From: Snow Bowden, Town Manager

Date: April 9, 2026

Subject: Lots Accessible through Unimproved Roads Text Amendment

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At our last workshop meeting, we discussed a proposed text amendment involving “unimproved roads” in our jurisdiction. Basically, roads that are shown on maps/plats that were never built out. Most of these “unimproved roads” do not meet our current standards for development. The vast majority of these “unimproved roads” are in our planning zone. The proposed text amendment will hopefully address most of the issues we are dealing with when it comes to “unimproved roads” and allow for future development of the areas in question that were supposed to be served by the road that was never built.

As a reminder, the Planning Board did recommend this proposed text amendment for approval.

# Erwin Planning Board

## REQUEST FOR CONSIDERATION

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To: Erwin's Planning Board Members

From: Dylan Eure, Town Planner

Date: April 9, 2026

Subject: Lots Accessible through Unimproved Roads Text Amendment

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The Town of Erwin Staff wishes to propose an amendment to Chapter 36 Article XV entitled General Provisions within a reserved section between Sec. 36-446 and Sec. 36-453 to allow the development of parcels that have previously been platted with unimproved access points, as well as requiring improvements to occur to said access points. The reasoning of this amendment is to allow orderly development while ensuring adequate access ways to parcels previously platted before Erwin's incorporation.

### **Proposed Amendment to be included within Sections 36-446:**

#### **Lots Accessed Via Existing Unimproved Streets**

In the event that already platted parcels abut an unimproved street, road, or access way without public dedication, the property shall be allowed without a variance to develop on the condition that the parcel meets the current dimensional requirements, setbacks, and height limitations of the zoning district. For access, a 22-foot-wide access way shall be installed, which shall be composed of a minimum of 3 inches of aggregate base and shall reach the farthest property line abutting the said unimproved access way, road, or street. Upon the final zoning inspection of the developing property, the zoning administrator shall ensure that the improved access way has been installed before the issuance of final zoning approval/certificate of occupancy.

In the event that an already platted single parcel abuts an unimproved street, road, or access way without public dedication, the property shall be allowed without a variance to develop on the condition that the parcel meets the current dimensional requirements, setbacks, and height limitations of the zoning district. For access, a 10-foot-wide access way shall be installed, which shall be composed of a minimum of 3 inches of aggregate base and shall reach the farthest property line abutting the said unimproved access way, road, or street. Upon the final zoning inspection of the developing property, the zoning administrator shall ensure that the improved access way has been installed before the issuance of final zoning approval/certificate of occupancy.

#### **Statement of Consistency**

The proposed text amendment is compatible with all of the Town of Erwin's regulatory documents, according to Erwin's 2023 Land Use Plan and Erwin's Code of Ordinances. This amendment would best provide regulation from for lots wishing to develop on unimproved roadways. It is recommended that this text amendment be **approved**.

## **NOTICE OF PUBLIC HEARING**

The Town of Erwin Board of Commissioners will conduct a Public Hearing on the following item pursuant to NC General Statute 160D-406, on Thursday, April 9, 2026, at 7:00 P.M. in the Erwin Municipal Building Board Room located at 100 West F Street, Erwin, NC 28339. Questions can be addressed to the Town Planner Dylan Eure at 910-591-4201 or by email at [deure@erwin-nc.org](mailto:deure@erwin-nc.org).

Text amendment to Chapter 36- Zoning, Article XV: General Provisions of the Town of Erwin Code of Ordinances to allow the development of parcels that have previously been platted with unimproved access points, as well as requiring improvements to occur to said access points.

This case is available for review at the Erwin Town Hall. All persons desiring to be heard either for or against the proposed items set forth above are requested to be present at the above-mentioned time and place.

March 20th and  
March 27th, 2026

**MINUTES CONTINUED FROM APRIL 9, 2026**

*Commissioner David Nelson left at 8:15 PM.*

**RECONVENED**

Commissioner Turnage made a motion to go back to regular session at 8:18 PM and was seconded by Commissioner McKoy. **The Board voted unanimously.**

**MANAGER'S REPORT**

Town Manager Snow Bowden provided the Board with a detailed report at their seats. He stated that if they had any questions, they should give him a call.

*The Manager's Report is part of these minutes as an attachment.*

**ATTORNEY'S REPORT**

Town Attorney Tim Morris thanked the Board for allowing him to be the Town Attorney.

**ADJOURNMENT**

Commissioner Byrd made a motion to adjourn at 8:45 P.M. and was seconded by Commissioner Nelson. **The Board voted unanimously.**

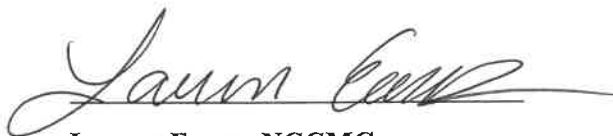
**MINUTES RECORDED AND TYPED BY  
LAUREN EVANS TOWN CLERK**

**ATTEST:**



**Randy Baker**

**Mayor**



**Lauren Evans, NCCMC**

**Town Clerk**