

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Appointing the independent audit firm, Weaver LLP, for the fiscal year ending September 30, 2016 audit

ORIGINATING DEPARTMENT

City Auditor

BACKGROUND INFORMATION

The City Charter states that the Council shall designate qualified public accountants to conduct an independent audit of all City accounts and other evidences of financial transactions of the City government and submit their report to the Council. Additionally, Texas Local Government Code requires an annual audit of municipal finances to be performed by a qualified Certified Public Accountant.

DISCUSSION/CONCLUSION

The City's audits are required to be performed in accordance with generally accepted auditing standards, the standards set forth in the General Accounting Office's (GAO) Government Auditing Standards, the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget (OMB) 2 CFR Part 200 Super Circular, and Audits of State and Local Governments.

In July 2012, the City issued a Request for Proposals for independent audit services for the fiscal years ending on September 30, 2012 and 2013 with a renewal option for three additional years. The qualified public accounting firm that was appointed by Council at that time was Weaver LLP. Weaver LLP has conducted the City's audit for the fiscal years ended September 30, 2012, 2013, 2014, and 2015 in accordance with the applicable standards, and presented the City Council with audits of the City's finances in a timely manner. Their examinations of the City's financial records were thorough. They were available for meetings and discussions with City personnel concerning accounting issues and were willing to answer questions and give financial guidance when requested. Additionally the firm employs a skilled governmental audit staff large enough to adequately perform the annual audit of the City of Killeen in a timely manner.

This is the final year to exercise the option to renew the agreement with Weaver LLP. As such, staff plans to issue a Request for Proposals for independent audit services in the spring of 2017 in order to secure a qualified public accounting firm to conduct the audit for subsequent fiscal years.

FISCAL IMPACT

The engagement letter from Weaver LLP proposes to perform the audit for the fiscal year ending September 30, 2016, for a fee of \$106,000. This fee is in line with the proposal Weaver

LLP submitted to the City in 2012. Funding will be provided in various Professional Services accounts located in the major funds in the FY2016-17 proposed budget.

RECOMMENDATION

City staff and the Audit Committee recommend that Weaver LLP be engaged to perform the annual independent audit for the City of Killeen for the fiscal year ending September 30, 2016, and that the City Manager be authorized to contract for professional services provided by Weaver LLP, to include the approval of any necessary change orders meeting state law and charter requirements.