



City of Killeen

Legislation Details (With Text)

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|-----------------------|---|----------------------|--------------|--------------|------------------------------------|
| File #: | RS-23-111 | Version: | 1 | Name: | Independent Audit Services FY 2023 |
| Type: | Resolution | Status: | Passed | | |
| File created: | 5/5/2023 | In control: | City Council | | |
| On agenda: | 7/25/2023 | Final action: | 7/25/2023 | | |
| Title: | Consider a memorandum/resolution to appoint Pattillo, Brown & Hill, LLP to provide independent auditing services to the City of Killeen for the fiscal year ended September 30, 2023. | | | | |
| Sponsors: | | | | | |
| Indexes: | | | | | |
| Code sections: | | | | | |
| Attachments: | 1. Engagement Letter, 2. Presentation | | | | |

| Date | Ver. | Action By | Action | Result |
|-----------|------|-----------------------|----------|--------|
| 7/25/2023 | 1 | City Council | Approved | Pass |
| 7/18/2023 | 1 | City Council Workshop | | |

Consider a memorandum/resolution to appoint Pattillo, Brown & Hill, LLP to provide independent auditing services to the City of Killeen for the fiscal year ended September 30, 2023.

DATE: July 18, 2023

TO: Kent Cagle, City Manager

FROM: Judith Tangalin, Executive Director of Finance

SUBJECT: Independent Auditing Services

BACKGROUND AND FINDINGS:

The City's audits are required to be performed in accordance with generally accepted auditing 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) Circular A-133, and Audits of State and Local Governments.

On May 22, 2022, the City began advertising a Request for Qualifications (RFQ) in which responses were sought from qualified firms to provide independent auditing services. The RFQ requested audit services for the fiscal years ending September 30, 2022 and 2023, with the option of the addition of the three subsequent fiscal years, based upon satisfactory performance and the annual availability of an appropriation.

On July 21, 2022, the audit committee met with city staff to discuss the RFQ results. The audit committee supported the recommendation to award RFQ #22-27 to Pattillo, Brown & Hill, LLP for independent auditing services.

On August 16, 2022, City Council accepted the independent auditing services agreement with Pattillo, Brown & Hill, LLP. Pattillo, Brown & Hill, LLP conducted the City's audit for the fiscal year ended September 30, 2022 in accordance with all applicable standards, and presented the City Council with the audit 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.

On July 18, 2023, the Audit Committee voted to recommend the appointment of Pattillo, Brown & Hill, LLP for the FY 2023 audit.

THE ALTERNATIVES CONSIDERED:

1. Appoint Pattillo, Brown & Hill, LLP to provide independent audit services to the City of Killeen.
2. Do not appoint Pattillo, Brown & Hill, LLP and issue a RFQ for independent auditing services.

Which alternative is recommended? Why?

Option number 1 to appoint Pattillo, Brown & Hill, LLP is the recommended alternative. Pattillo, Brown & Hill, LLP has extensive governmental auditing experience.

CONFORMITY TO CITY POLICY:

City Charter Section 40 states that, prior to the end of each fiscal year, the City Council shall designate qualified Certified Public Accountants who, as of the end of the fiscal year, shall make an independent audit of accounts and other evidence of financial transactions of the city government and shall submit their report to the City Council. Such accountant shall have no personal interest, direct or indirect, in the fiscal affairs of the city government. They shall not maintain any accounts or record of the City business, but within specifications approved by the city council, shall post-audit the books and documents kept by the department of finance and any separate or subordinate accounts kept by any other office, department, or agency of the city government.

Texas Local Government Code 103.001 states that a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

| | 2023 | 2024 | 2025 | 2026 |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Audit | \$126,000 | \$126,000 | \$126,000 | \$126,000 |
| Single Audit Base Fee | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Single Audit Major Program (1) | \$7,500 | \$7,500 | \$7,500 | \$7,500 |
| PFC Audit & Report | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| Total | \$148,500 | \$148,500 | \$148,500 | \$148,500 |
| Estimated major programs @ \$7500each | \$22,500 | \$15,000 | \$22,500 | \$15,000 |

| | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|
| Total estimate per year2020 | \$171,000 | \$163,500 | \$171,000 | \$163,500 |
|-----------------------------|-----------|-----------|-----------|-----------|

Is this a one-time or recurring expenditure?

Recurring expenditure, see above.

Is this expenditure budgeted?

Yes, expenditures are budgeted for all applicable funds in accounting services xxx-xxxx-xxx.47-30. The costs related to the FY 2023 audit which will be incurred in FY 2024 will be included in the FY 2024 budget.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

Staff recommends that the City Council appoint Pattillo, Brown & Hill, LLP to provide independent auditing services to the City of Killeen for the fiscal year ended September 30, 2023.

DEPARTMENTAL CLEARANCES:

Legal

ATTACHED SUPPORTING DOCUMENTS:

Engagement Letter