



City of Killeen

Legislation Details (With Text)

File #: RS-22-110 **Version:** 1 **Name:** Independent Auditing Services
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Title: Consider a memorandum/resolution awarding RFQ #22-27, Professional Auditing Services, to Pattillo, Brown and Hill LLP to perform independent auditing services in the amount of \$163,500 per year.
Sponsors: Finance Department
Indexes:
Code sections:
Attachments: 1. Evaluation Matrix, 2. Engagement Letter, 3. Fee Proposal, 4. Certificate of Interested Parties, 5. Presentation

Date	Ver.	Action By	Action	Result
8/23/2022	1	City Council	Approved	Pass
8/16/2022	1	City Council Workshop		

Consider a memorandum/resolution awarding RFQ #22-27, Professional Auditing Services, to Pattillo, Brown and Hill LLP to perform independent auditing services in the amount of \$163,500 per year.

DATE: August 16, 2022
TO: Kent Cagle, City Manager
FROM: Judith Tangalin, Interim Executive Director of Finance
SUBJECT: Independent Auditing Services Agreement with Pattillo, Brown and Hill LLP

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 August 8, 2017, the City approved Belt Harris Pechacek, LLLP to provide Independent Auditing Services and renewed thereafter for 3 additional years, for a total of 5 years. Per City of Killeen Financial Governance Policy, Section VII.D. the City shall change auditors no later than every 5 years.

On May 22, 2022, the City began advertising a Request for Qualifications (RFQ) in which the City sought responses from qualified firms to provide independent auditing services. Five responses were received and evaluated. Pattillo, Brown and Hill LLP was chosen as the most qualified responder.

The RFQ requested audit services for the fiscal years ending September 30, 2022, and 2023, with the option of renewing 3 times for an additional fiscal year, based upon satisfactory performance and the annual availability of an appropriation.

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

THE ALTERNATIVES CONSIDERED:

1. Reject the contract with Pattillo, Brown and Hill LLP and begin negotiations with one of the other four firms that submitted a response to the RFQ.
2. Reject all proposals and re-solicit for independent auditing services.
3. Award RFQ #22-27 to Pattillo, Brown and Hill LLP to provide independent audit services to the City of Killeen.

Which alternative is recommended? Why?

Option number 3 to award RFQ #22-27 to Pattillo, Brown and Hill LLP. Pattillo, Brown and Hill LLP has governmental auditing experience and was chosen based upon expertise, audit approach, and adherence to the requirements of the RFQ.

CONFORMITY TO CITY POLICY:

Yes, 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. The firm shall have no personal interest, direct or indirect, in the fiscal affairs of the City Government. The firm 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.

City of Killeen Financial Governance Policy, Section VII. Auditing and Financial Reporting, paragraph D states the City shall change auditors no later than every 5 years.

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?

FY 2022 - FY 2026

Audit	\$126,000
Single Audit - Base Fee	5,000
Single Audit - Major Program (1)	7,500
PFC Audit	10,000
Total	<u>\$148,500</u>
Estimated major programs (2)	<u>15,000</u>

Total estimated per year \$163,500

Is this a one-time or recurring expenditure?

Recurring expenditure

Is this expenditure budgeted?

Yes, funds are available in each fund's accounting services account xxx-xxxx-xxx.47-30.

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:

City Council authorize the award of RFQ #22-27, Professional Auditing Services, to Pattillo, Brown and Hill LLP to perform independent auditing services in the amount of \$163,500 per year and that the City Manager or designee be authorized to execute any contract and change orders as permitted by state and local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Engagement Letter
Fee Proposal
Matrix Evaluation
Certificate of Interested Parties