



City of Killeen

Legislation Text

File #: RS-24-072, **Version:** 1

Consider a memorandum/resolution renewing the agreement with Pattillo, Brown & Hill, LLP to provide independent auditing services for the City of Killeen for the fiscal year ending September 30, 2024.

DATE: April 16, 2024

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, and provisions of the Office of Management and Budget's Uniform Guidance. The City Charter and the Financial Governance Policy requires City Council to designate a qualified certified public accountant to perform the City's annual audit.

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.

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 August 16, 2022, and on July 18, 2023, City Council approved the first- and second-year's audit services with Pattillo, Brown & Hill, LLP for the fiscal years ended September 30, 2022, and 2023.

On April 16, 2024, the Audit Committee voted to recommend the appointment of Pattillo, Brown & Hill, LLP for the audit of the fiscal year ending September 30, 2024. This will be the first of the additional three subsequent fiscal year option. The City's Financial Governance Policy requires a change in auditors no later than every five years.

THE ALTERNATIVES CONSIDERED:

N/A

Which alternative is recommended? Why?

N/A

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 revenue/expenditure in the current fiscal year? For future years?

	2024
Audit	\$126,000
Single Audit Base Fee	\$5,000
Single Audit Major Program (1)	\$7,500
PFC Audit & Report	\$10,000
Total	\$148,500
Estimated major programs @ \$7500each	\$22,500
Total estimate per year	\$171,000

Is this a one-time or recurring revenue/expenditure?

Recurring expenditure

Is this revenue/expenditure budgeted?

Yes, expenditures are budgeted for all applicable funds in accounting services xxx-xxxx-xxx.47-30. The costs related to the FY 2024 audit which will be incurred in FY 2025 will be included in the FY 2025 proposed budget.

If not, where will the money come from?

N/A

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

Yes, upon City Council approval of the budget.

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, 2024.

DEPARTMENTAL CLEARANCES:

Legal

ATTACHED SUPPORTING DOCUMENTS:

Fee Proposals
Engagement Letter
Certificate of Interested Parties
Presentation