



Text File

File Number: 14-0414

Agenda Date: 7/8/2014

Version: 1

Status: Consent Agenda

In Control: City Council

File Type: Agenda Item

Title

Consider and take action on appointing Weaver Tidwell, LLP independent auditors for the City of League City and authorizing the City Manager to execute the audit contract for the fiscal years ended September 30, 2014, 2015 and 2016. (Director of Finance)

..Background:

Approval of this item will engage independent auditors, as is required by State Law and City Charter to perform an annual audit of the financial statements of the City and perform the "single audit" as is required for recipients of Federal funds.

For the 7 fiscal years 2007-2013 the City was audited by the firm Belt Harris Pechacek. While League City does not have mandatory auditor rotation as many local governments do, rotation and competition is considered a "best practice." The Government Finance Officers Association recommends the following in their document "Best Practice - Audit Procurement":

"Governmental entities should undertake a full scale competitive process for the selection of independent auditors at the end of the term of each audit contract. Ideally, auditor independence would be enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector."

The City issued a Request for Proposals from qualified firms to perform the annual audit for the three years FY 2014-2016, with an option for 2 additional years. On May 7, 2014, the City received 8 proposals from the following accounting firms: Sanderson Knox & Company, BKD, Weaver Tidwell, Whitley Penn, Belt Harris Pechacek, White Samaniego Campbell, Patillo Brown & Hill and Brooks Cardiel. A committee of 4, consisting of the Deputy City Manager, Internal Auditor, Director of Finance and Controller, independently scored the proposals based upon the following criteria as defined in the RFP:

1. Mandatory elements including demonstration of valid license, training and independence from the City.
2. Technical qualifications concerning relevant experience, quality of assigned staff and information technology expertise.
3. Ability to meet stated deadlines

Upon completion of the initial review, the committee unanimously and independently selected Weaver Tidwell and Whitley Penn as finalists for interview. Based upon the RFP evaluation, the interview, and lastly the fee, the committee recommends Weaver Tidwell, LLP as audit firm for League City. The firm has many years experience in local government audit and are highly qualified to perform this audit. Current neighboring clients include the cities of Galveston, Friendswood, Bryan and Tomball. The fee proposed for fiscal year 2014 is within the current budget level, and estimated to be \$77,000; with a base fee of \$71,000 and \$6,000 for one major

federal program. If an additional major program is identified, the fee for each additional program will be \$3,000. This estimated fee is \$2,400 less than the FY 2013 cost for similar services. For the years 2015 and 2016, the base fee will be \$73,500 and \$76,000 respectively, and the single audit fee will remain the same.

On June 30, 2014, the Finance Committee approved the appointment of Weaver Tidwell, LLP as auditors for the City.

CONTRACT ORIGINATOR : City Attorney

FUNDING

{ } NOT APPLICABLE

{X } Funds are available from Account #010-1003-621-5305

{ } Requires Budget Amendment to transfer from Account # _____ to Account # _____