



Legislation Details (With Text)

File #: 19-0475 **Version:** 1 **Name:** Audit Contract
Type: Agenda Item **Status:** Approved
File created: 8/28/2019 **In control:** City Council
On agenda: 9/10/2019 **Final action:** 9/10/2019
Title: Consider and take action on a resolution authorizing a three-year professional services agreement with Belt Harris Pechacek, LLLP for external auditing services in an amount not to exceed \$300,000 (Director of Finance)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Data Sheet, 2. Proposed Resolution, 3. Exhibit A - Engagement Letter, 4. External Auditing Award Recommendation

Date	Ver.	Action By	Action	Result
9/10/2019	1	City Council	Approved	Pass

Consider and take action on a resolution authorizing a three-year professional services agreement with Belt Harris Pechacek, LLLP for external auditing services in an amount not to exceed \$300,000 (Director of Finance)

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 proceeding five Fiscal Years, 2014 - 2018, Weaver Tidwell has conducted the annual independent audit. 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 (3) years FY 2019-2021, with an option for two (2) additional years. On July 16, 2019 the City received six (6) proposals from the following accounting firms: Whitley Penn, BKD, Weaver Tidwell, Belt Harris Pechacek, McConnell and Jones, and Patillo Brown & Hill. A committee of 5, consisting of the Assistant City Manager, Internal Auditor, Director of Finance, Assistant Director of Finance and Treasury Manager, independently scored the proposals based upon the following criteria as defined in the RFP:

1. Qualifications and Experience

2. Project Design and Methodology
3. Pricing and Fees
4. References

Upon completion of the initial review, the committee unanimously and independently selected Patillo Brown & Hill, Belt Harris Pechacek, and Whitley Penn as finalists for interview. Based upon the RFP evaluation, the interview, and lastly the fee, the committee recommends Belt Harris Pechacek, LLLP as the next audit firm for the City of League City. The firm has extensive experience in local government audit and are highly qualified to perform this audit. Current neighboring clients include the cities of Pasadena, Deer Park, Alvin, and Seabrook. The fee proposed for fiscal year 2019 is within the current budget level, and estimated to be \$89,295; with a base fee of \$79,995 and \$9,300 for one major federal program. If an additional major program is identified, the fee for each additional program will be \$5,450. For the following two years, the fees increase by three percent each year, with the total three-year contract not exceeding \$300,000.

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Exhibit A - Engagement Letter with Belt Harris Pechacek, LLLP
4. External Auditing Award Recommendation

CONTRACT ORIGINATION : The contract has been reviewed and approved by the City Attorney's Office.

FUNDING

{ } NOT APPLICABLE

{X} Funds are available from Account #1400000 53050

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