



## MEMORANDUM

**To:** Mayor and City Council

**From:** Jennifer Miller, Director of Finance

**Date:** June 13, 2017

**Reference:** Award Contract for Audit Services

**2030:** Sustainable City Government

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### **Introduction:**

The current audit contract with Grant Thornton is for three years (2014, 2015, 2016) with the option to renew for two additional years. Grant Thornton informed City staff there would be a significant cost increase in 2017, the first optional year of the agreement. The increase would have been \$24,800 or 34.2% (\$70,800 to \$95,000). Staff chose to solicit a request for proposal (RFP) to evaluate additional alternatives and opportunities.

### **Analysis:**

Bond covenants, Security and Exchange Commission regulations, and the City Charter require the City to have an annual financial statement audit conducted by a third party licensed to perform financial statement audits in Texas. Failure to have an annual audit of the City's financial statements will violate the requirements previously stated and impact the City's bond rating. See attached memorandum from evaluation team.

### **Legal Review:**

Legal review was performed during the agenda review process.

### **Fiscal Impact:**

The fiscal impact of this Agenda item is \$60,950; \$62,050; and \$63,050 for fiscal years ending 2017, 2018, and 2019, respectively. If assistance with the preparation of the Comprehensive Annual Financial Report is requested, there is an additional cost of \$10,000 each year requested. If a Single Audit is required because the City expended at least \$750,000 of Federal funds during the fiscal year,

an additional cost of \$4,220; \$4,320; and \$4,420 will be incurred for fiscal years ending 2017, 2018, and 2019, respectively.

**Recommendation:**

The Finance Department recommends awarding the Professional Audit Services contract to Weaver.