



MUNICIPAL DEVELOPMENT DISTRICT REPORT

CITY OF FAIR OAKS RANCH, TEXAS



AGENDA TOPIC: Financial Statement Auditor Selection.
DATE: October 9, 2024
Department: Finance
PRESENTED BY: Summer Fleming, CGFO, MDD Investment Officer

INTRODUCTION/BACKGROUND:

The Government Finance Officers Association (GFOA) recommends that state and local governmental entities obtain independent audits of their financial statements, performed in accordance with Generally Accepted Auditing Standards. Additionally, governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. Such agreements allow for greater continuity and help to minimize the potential disruption in connection with the independent audit.

The City and Municipal Development District (MDD) had contracted with ABIP PC for the last seven years and Staff determined it was prudent to undertake a competitive process for the selection of an independent auditor for the FY 2023-24 financial statement audit. The City issued a Request For Qualifications (RFQ) in July and received three responses. The selection committee, made up of the Director of Finance, Procurement Manager, and Councilman Rhoden, met to discuss the responses and ranked them based on qualifications.

After receiving a fee proposal from the top ranked firm, we were unable to negotiate a fee within budget. However, after starting negotiations with the second ranked firm, we successfully negotiated a new contract for the City and MDD audit for FY 2023-24.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Properly performed audits play a vital role in the public sector by helping to preserve the integrity of the public finance functions, and by maintaining citizens' confidence in their elected leaders. The selected firm, BrooksWatson & Co., PLLC, have extensive experience auditing cities throughout Texas and will bring fresh insights into our existing accounting policies and procedures. This change will provide for increased quality of the audit process and ultimately increased confidence in the audit results.

LONG TERM FINANCIAL & BUDGETARY IMPACT:

The negotiated fee with BrooksWatson & Co., PLLC, is \$4,725 and within budget.