



CITY COUNCIL COMMUNICATION

DATE: July 20, 2026

FROM: Clayton Gray, Chief Financial Officer

AGENDA ITEM: Consideration and possible action on entering into an agreement with BrooksWatson & Co., PLLC for auditing services, and authorizing the City Manager to execute said agreement and all necessary documents.

SUMMARY:

- The City is required by both the Texas Local Government Code and the City's Code of Ordinances to have an annual audit of financial records.
- On June 15, 2026, Council authorized staff to issue a Request For Qualifications for Independent Audit Financial Services.
- A number of firms reviewed the RFQ. Ultimately, several firms chose not to submit proposals, one firm formally declined to participate, and four firms submitted proposals: McConnell & Jones, LLP; Pattillo, Brown & Hill, LLP; Fox, Burd & Company, P.C.; and BrooksWatson & Company.
- Staff evaluated and scored each proposal based on the following criteria: Firm Qualifications and Experience (30%), Key Staff Qualifications and Experience (25%), Technical Approach and Understanding of Services (25%), Experience with Governmental and Municipal Audits (10%), and References and Past Performance (10%).
- BrooksWatson & Company received the highest rank and score both individually and overall.
- BrooksWatson & Company is the City's current independent auditing firm, and there are no audit firm rotation requirements that would preclude the City from selecting the firm for another term. Staff believes the firm's familiarity with the City's operations, financial systems, and reporting requirements is a significant advantage.
- The American Institute of Certified Public Accountants (AICPA) has also expressed opposition to mandatory audit firm rotation, stating: "The AICPA wholeheartedly supports initiatives to increase the quality and effectiveness of audits of state and local government entities and not-for-profit organizations. However, we believe that mandatory audit firm rotation will not have this effect. In fact, we believe that such a mandate will result in undesirable consequences."

FISCAL INFORMATION:

- The annual cost of audits are budgeted in account 180-10-5415, "Accounting Services."

RECOMMENDED MOTION OR ACTION:

- Staff recommends approval of BrooksWatson & Company to provide Independent Audit Financial Services.

ATTACHMENTS:

- RFQ for Independent Audit Financial Services