



## **AGENDA MEMORANDUM**

Future Item for the City Council Meeting of September 22, 2015  
Action Item for the City Council Meeting of September 29, 2015

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**DATE:** September 9, 2015

**TO:** Ronald L. Olson, City Manager

**THRU:** Wes Pierson, Assistant City Manager

**FROM:** Constance P. Sanchez, Director of Financial Services  
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<b>Hiring of External Auditor for the FY 2015 Audit</b>
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### **CAPTION:**

Motion authorizing the City Manager or his designee to execute a service agreement with Collier, Johnson, & Woods, P.C., of Corpus Christi, Texas, to provide professional auditing services for fiscal year (FY) 2014-2015 in an amount not to exceed \$185,000.

### **PURPOSE:**

The City of Corpus Christi's charter requires an independent annual audit. Article II, Section 27 of the City reads, in part, as follows: "The council shall provide for an independent annual audit for all city accounts and may provide for such more frequent audits as it deems necessary."

### **BACKGROUND AND FINDINGS:**

In May 2010 the City issued a Request for Proposal (RFP) for professional auditing services. As a result, Collier, Johnson, & Woods, P.C., was awarded an agreement for twelve months with an option to extend for up to four additional twelve-month periods. The agreement expired upon completion of the FY 2014 independent audit.

Since the FY 2014 audit with Collier, Johnson, & Woods, P.C. was the final year of the agreement, a RFP for external, independent auditing services was needed. A RFP was drafted in July 2015, but clarification was needed as to the role of the Audit Committee members in the selection process. That clarity was received at the September 8<sup>th</sup> Audit

Committee meeting, and staff is prepared to move forward with issuance of the RFP. Because of the timing of the issuance of the RFP, however, it is necessary to retain an independent auditor for FY 2015 year. As a result, the Audit Committee members unanimously voted to solicit a proposal from the City's current auditor, Collier, Johnson, & Woods, P.C., for a one-year term, for presentment to the City Council for approval. Concurrently, the RFP will be finalized and will be issued for the FY 2016 audit if this item is approved.

On September 8, 2015, the Director of Finance received a proposal from Collier, Johnson, & Woods, P.C. in the amount of \$185,000 for a one-year agreement to conduct the FY 2015 independent audit. This amount is \$1,000 less than the fee for the FY 2014 audit, and this amount is included in the proposed FY 2016 operating budget for Financial Services.

### **ALTERNATIVES:**

An alternative would be to continue working on the RFP for the FY 2015 audit; however, interim test work (i.e. inventory observation) could not be performed by the selected firm. Missing this bit of test work might put the City at risk of receiving a qualified (unclean) opinion from the selected firm. A solution would be to have Collier, Johnson, & Woods, P.C. or the City Auditor's Office could perform this interim test work prior to the firm selection.

### **OTHER CONSIDERATIONS:** n/a

### **CONFORMITY TO CITY POLICY:**

This item conforms to City policy.

### **EMERGENCY / NON-EMERGENCY:** YES

### **DEPARTMENTAL CLEARANCES:**

- Financial Services Department
- City Auditor's Office
- City Attorney's Office

### **FINANCIAL IMPACT:**

☐ Not Applicable    ☒ Operating Expense                      ☐ Revenue                      ☐ CIP

<b>FISCAL YEAR:</b>	<b>Project to Date Exp. (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	-	-	\$ 186,000.00	\$ 186,000.00
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	-	\$ 185,000.00	\$ 185,000.00
BALANCE	-	-	\$ 1,000.00	\$ 1,000.00
FUND(S): General Fund				

**COMMENTS:**

The amount being proposed is included in Accounting Operations' proposed operating budget for FY2016.

**RECOMMENDATION:**

Staff recommends approval of the motion.

**LIST OF SUPPORTING DOCUMENTS:**

Collier, Johnson, & Woods, P.C. Engagement Letter