

CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** July 10, 2023

SUBJECT: Award FP 23-006 for Professional Auditing Services to Forvis, LLP, and authorize the City Manager to execute a professional services agreement in an amount not to exceed \$394,500 for the initial three-year term.

PRESENTER: Mark C. Mills, Director of Finance

SUMMARY:

Staff requests that City Council consider awarding a professional services agreement for Professional Audit Services to Forvis, LLP ("Forvis"). The initial contract for professional services will be a three-year agreement, with two optional one-year renewals.

GENERAL DESCRIPTION:

Whitley Penn, LLP has been the city's external auditor for the last five years, which included Fiscal Year ("FY") 2018 through FY 2022. With the expiration of Whitley Penn's term of service, the city issued Request for Proposal ("RFP") 23-006 Professional Auditing Services. The last time the city requested proposals for audit services was 2018.

While the city does not have a formal policy mandating the periodic rotation of its external auditor, management believes it is good practice to evaluate the previous auditor against other firms to ensure the city is receiving the best possible independent audit services. The last five firms used by the city, covering a period of 23 fiscal years, are provided below.

Firm	Engagement Period (By Fiscal Year)	
	Beginning	Ending
Whitley Penn	FY 2018	FY 2022
BKD (now Forvis)	FY 2013	FY 2017
Deloitte & Touche	FY 2009	FY 2012
Pattillo, Brown & Hill	FY 2005	FY 2008
Deloitte & Touche	FY 2000	FY 2004

On March 23, 2023, the city received proposals for Professional Auditing Services from local, regional, and national accounting firms. The RFP was advertised through the newspaper and a posting on Public Purchase; a web service the city uses to advertise,



post, and receive submissions to its bids and proposals. Staff prepared the proposal specifications to ensure conformance with nationally accepted governmental auditing standards, while promoting and protecting the interests of the city.

The following eight firms submitted proposals (in alphabetical order):

Responding Firms (In Alphabetical Order)	
Baker Tilly Virchow Krause, LLP	Pattillo, Brown & Hill, LLP
CliftonLarsonAllen, LLP	RSM US, LLP
Forvis, LLP	Weaver & Tidwell, LLP
McConnell & Jones LLP	Whitley Penn, LLP

The proposals were evaluated using four major criteria:

1. Mandatory elements such as independence and audit quality.
2. Expertise and experience.
3. Audit approach.
4. Ability to meet stated deadlines.

The proposals were reviewed by a five-member Proposal Review Committee:

Name	Title
Karen Manila	Assistant City Manager
Mark Mills	Director of Finance
Glenn Mizell	Assistant Director of Finance
Cameron Rowland	Assistant Human Resources Director
Amanda Brown	Accountant II

At the conclusion of the review and the committee's initial scoring, points for pricing were assigned to each firm. Based on the final scoring, the committee selected three firms to interview (listed alphabetically):

- CliftonLarsonAllen, LLP
- Forvis, LLP
- Whitley Penn, LLP

Upon conclusion of the interview process, and after careful review and consideration of the critical elements, the committee recommends that RFP 23-006 be awarded to Forvis, LLP.

Forvis was formed in June 2022, through a merger between BKD LLP ("BKD") and Dixon Hughes Goodman LLP ("DHG"). Forvis is a top 10 public accounting firm with more than 5,700 dedicated professionals located in 72 markets across 28 states, the



UK, and Cayman Islands. Forvis provides service to clients in all 50 states, as well as across the globe. Several of their clients in North Texas include:

- City of Arlington
- City of Carrollton
- City of Celina
- City of Fort Worth
- City of Frisco
- City of Hurst
- City of Grapevine
- City of Mansfield
- City of Roanoke
- Town of Addison

The initial term of the engagement will be three-years, covering Fiscal Years 2023, 2024, and 2025. In addition, the city will have the option to exercise two optional one-year renewals for Fiscal Year 2026 and Fiscal Year 2027. Services to be provided include but are not limited to, the annual audit of the city's financial statements; development of the Annual Comprehensive Financial Report in conjunction with staff; auditing and reporting of major State and Federal program grants; compliance testing of the requirements of the Texas Public Funds Investment Act; review of internal controls; and periodic consultation on issues related to accounting and the implementation of new accounting standards.

Forvis has proposed the following costs for services for the initial three years of the engagement:

	Fiscal Year Ending 09/30/2023	Fiscal Year Ending 09/30/2024	Fiscal Year Ending 09/30/2025
Financial Audit & ACFR	\$111,000	\$117,000	\$123,000
Single Audit	\$14,000	\$14,500	\$15,000
Annual Total	\$125,000	\$131,500	\$138,000

This engagement gives the City the right to review the auditor's performance each year. Acceptable performance reviews will be necessary to continue auditing services the following year.

RECOMMENDATION:

Award RFP 23-006 for Professional Auditing Services to Forvis, LLP, and authorize the City Manager to execute a professional services agreement in an amount not to exceed \$394,500 for the initial three-year term.