

**PORT OF GALVESTON  
REQUEST FOR DISCUSSION AND  
TRUSTEES ACTION**

**BUSINESS  
ITEM – E - 2**

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**PREPARED BY:** Mark R. Murchison Director of Finance

October 21, 2017

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**SUBJECT:** Discuss and Consider Request for Qualifications for Professional Audit Services and Selection of Professional Audit Services Firm to Perform the Audit of Financial Statements of the Board of Trustees of the Galveston Wharves, the Galveston Port Facilities Corporation, the Federal Single Source Audit, the Comprehensive Annual Financial Report (CAFR), and the Annual Defined Benefit Pension Plan Audit for the Year Ending December 31, 2017

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**BACKGROUND:** The Board of Trustees at the August 2017 Regular Board meeting held on September 11, 2017, instructed Staff to issue a Request for Qualifications for Audit Services for the year ending December 31, 2017. Staff issued the RFQ and received six proposals for consideration. A list of the responding firms is attached. The staff audit evaluation team consisting of five staff members reviewed and evaluated the applications and invited three of the Audit Firms to make presentations to the Board. Staff is of the opinion that these are the top three respondents and recommends the Trustees select one of these firms to conduct the 2017 audits.

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**RECOMMENDATIONS:** The Board of Trustees is respectfully requested to listen to the presentations by the audit firms and instruct staff as to the preferred firm to engage for the 2017 audits which contains four one-year extensions through 2021. The audits to be performed are the annual financial audit of the Board of Trustees of the Galveston Wharves, Galveston Port Facilities Corporation, the Federal Single Source Audit and the Galveston Wharves Pension Plan.

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**Respectfully Submitted By:**

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**Peter S. Simons, Interim Port Director**

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**DATE ACTION TAKEN:** \_\_\_\_\_

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Deferred To: \_\_\_\_\_

Incorporated into Minutes: \_\_\_\_\_

Motion By: \_\_\_\_\_

Seconded By: \_\_\_\_\_

Unanimous: Yes \_\_\_\_\_ No \_\_\_\_\_

By: \_\_\_\_\_

**PORT OF GALVESTON**  
**Briefing**

**DISCUSS AND CONSIDER REQUEST FOR QUALIFICATIONS FOR PROFESSIONAL AUDIT SERVICES AND SELECTION OF PROFESSIONAL AUDIT SERVICES FIRM TO PERFORM THE AUDIT OF THE BOARD OF TRUSTEES OF THE GALVESTON WHARVES, THE GALVESTON PORT FACILITIES CORPORATION, THE FEDERAL SINGLE SOURCE AUDIT, THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, AND THE ANNUAL DEFINED BENEFIT PENSION PLAN AUDIT FOR THE YEAR ENDING DECEMBER 31, 2017**

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**Background**

The Board of Trustees at the August 2017 Regular Board meeting held on September 11, 2017, instructed Staff to issue a Request for Qualifications for Audit Services for the year ending December 31, 2017. Staff issued the RFQ and received six proposals for consideration. A list of the responding firms is attached. The staff audit evaluation team consisting of five staff members reviewed and evaluated the applications and invited three of the Audit Firms to make presentations to the Board. Staff is of the opinion that these are the top three respondents and recommends the Trustees select one of these firms to conduct the 2017 audits.

**Current Situation**

Auditing services are considered professional services. Solicitation of these services requires a two-step process, the first of which is determination of qualifications. Staff issued an RFQ and received six qualified responses. Based on the information provided, public records available on these applicants, and on reference checks, the audit evaluation team selected the top three scoring applicants to present to the Board of Trustees. Due to the timing of RFQ issuance, the selected firm will not be able to conduct interim audit procedures in 2017. All audit work will be performed in 2018.

**Fiscal Impact**

The projected cost of the 2017 financial audits will be determined after the Board instructs staff of the firm selected. All costs for the 2017 audit will be occurring in 2018. The cost related to the Defined Benefit Pension Plan audit will be borne by the pension fund.

**Staff Recommendation**

The Board of Trustees is respectfully requested to listen to the presentations by the audit firms and instruct staff as to the preferred firm to engage for the 2017 audits which contains four one-year extensions through 2021. The audits to be performed are the annual financial audit of the Board of Trustees of the Galveston Wharves, Galveston Port Facilities Corporation, the Federal Single Source Audit and the Galveston Wharves Pension Plan.

Attachment

**Firms Responding to the Auditor RFQ**

Belt Harris Pechacek, LLP  
3210 Bingle Road, Suite 300  
Houston, TX 77055

BKD, LLP  
2800 Post Oak Boulevard  
Suite 3200  
Houston, TX 77056

Ham, Langston & Brezina, LLP  
1011 Tremont Street  
Galveston, TX 77550

RSM US, LLP  
1330 Post Oak Boulevard  
Suite 2400  
Houston, TX 77056  
Primary office for this Audit Houston / San Antonio

Weaver and Tidwell, LLP  
1406 Wilson Road, Suite 100  
Conroe, TX 77304

Whitely Penn  
3737 Buffalo Speedway, Suite 1600  
Houston, TX 77098