



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: City Auditor's Office

CITY AUDITOR: Madison Rorschach

DATE: April 16, 2024

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding Audit Project 038 – Franchise Fee Collections.

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Pursue Organizational Excellence and Collaborative and Respectful Leadership.

BACKGROUND

City of Denton Charter Article VI, Section 6.04 states, the City Internal Auditor is responsible for providing an independent appraisal of City operations as directed by the City Council. These audits are conducted in accordance with *Generally Accepted Government Auditing Standards* promulgated by the US Government Accountability Office.

Per *Government Auditing Standards*, internal auditors should make audit reports available to the public and should communicate results to the parties who can ensure that the results are given due consideration. In order to meet these *Government Auditing Standards*, the City of Denton's Internal Audit Procedures Manual requires finalized audit reports to be presented to the City Council. Once presented, all published reports can be found on the City of Denton's [Internal Audit Webpage](#).

DISCUSSION

This audit project is intended to provide assurance that the City is effectively receiving all franchise fee revenue to which it is entitled. Between Fiscal Years 2022 and 2023, the City received almost \$43.5 million in franchise fee revenue from utilities operating in its rights-of-way. Initial, detailed findings from this audit project are presented in the attached Audit of Franchise Fee Collections report.

RECOMMENDATION

Staff recommends closing Audit Project 038 – Franchise Fee Collections until a follow-up review is conducted to assess the implementation of the 10 issued recommendations. This follow-up review will likely take place in the next eighteen to thirty-six months.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Sep. 19, 2023: Fiscal Year 2023-24 Annual Internal Audit Plan Adopted

EXHIBITS

1. Agenda Information Sheet
2. Audit of Franchise Fee Collections
3. Presentation

Respectfully submitted:
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City Auditor