



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## 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