



# City of San Antonio

## Legislation Details (With Text)

**File #:** 14-2707

**Type:** Purchase of Services

**In control:** City Council A Session

**On agenda:** 12/4/2014

**Title:** An Ordinance authorizing the first extension of the audit services contract with Padgett Stratemann & Co., L.L.P., to provide independent audit services to the City for Fiscal Year 2015, for a total fee not to exceed \$810,500.00. [Ben Gorzell, CPA, Chief Financial Officer; Troy Elliott, CPA, Director, Finance]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. First Renewal of Audit Services Contract, 2. Draft Ordinance, 3. Ordinance 2014-12-04-0940

Date	Ver.	Action By	Action	Result
12/4/2014	1	City Council A Session	adopted	Pass

**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott, CPA, Director

**COUNCIL DISTRICTS IMPACTED:** City-wide

### SUBJECT:

One Year Extension and Renewal of the Independent Audit Services Contract

### SUMMARY:

An Ordinance approving and authorizing execution of the First Extension of the Audit Services Contract with Padgett Stratemann & Co., LLP, to provide independent audit services to the City for Fiscal Year 2015, for a total fee not to exceed \$810,500.00.

### BACKGROUND INFORMATION:

On June 14, 2012, Ordinance Number 2012-06-14-0444 was passed executing an external audit services contract with Padgett Stratemann & Co., L.L.P. (PS&Co.) to provide independent audit services for fiscal years ending September 30, 2012, 2013 and 2014 with 2, 1-year extensions (for FY2015 and FY2016) upon Council approval. The City is currently on the last year of the contract's original 3 year term. An item was placed on the Audit Committee's October 21, 2014 agenda to discuss and recommend exercising the first extension option. The Audit Committee moved that the extension be forwarded to the full Council for consideration. The audit fees for the extensions were negotiated in advance in the

amount of \$810,500.00 for fiscal year 2015 and \$837,500.00 for fiscal year 2016. The contract includes sub-contractor participation as follows:

- Prime Contractor (PS&Co.) with 50% SBEDA Sub-Contractors to include:
  - Robert J. Williams, CPA (9%)
  - Britts & Associates, LLP (18%)
  - C.C. Garcia & Co., PC (14%)
  - Schriver, Carmona & Carrera, PLLC (9%)

The contract was structured to provide the opportunity for staff to evaluate the firm's performance upon conclusion of the initial three year contract term. We have evaluated PS&Co's performance during the initial contract term and have found it to be acceptable. As such, staff recommends exercising the option to extend for a fourth year at a cost of \$810,500.00 to provide the City with independent audit services for fiscal year 2015.

## **ISSUE:**

As required by the City Charter and the Texas Local Government Code, an annual audit of the City's financial records and accounts is to be performed by an independent certified public accountant. As the City receives financial assistance in the form of Federal and State grants, Single Audit Reports are also required in compliance with the Single Audit Act, U.S. Office of Management Budget Circulars and the State of Texas Single Audit Circular. The City is also required to obtain an annual audit on approved Passenger Facility Charges projects, as required by the Federal Aviation Administration.

## **ALTERNATIVES:**

There are limited alternatives to having an audit performed since it is legally mandated. In the event the extension is not approved with the recommended firm, a competitive process would need to be conducted for selection of a new firm to provide the independent audit services.

## **FISCAL IMPACT:**

This ordinance approves a First Extension of the Audit Services Contract with Padgett Stratemann & Co., LLP, to provide independent audit services to the City for Fiscal Year 2015, for a total fee not to exceed \$810,500.00. Funds are available in the FY 2015 Adopted General Fund Budget.

## **RECOMMENDATION:**

Staff recommends approval of this ordinance extending the independent audit services with Padgett Stratemann & Co., LLP.