



# City of San Antonio

## Legislation Details (With Text)

**File #:** 15-5410  
**Type:** Purchase of Services  
**In control:** City Council A Session  
**On agenda:** 12/3/2015  
**Title:** An Ordinance authorizing the second extension of the external audit services contract with Padgett Stratemann & Co., L.L.P., to provide independent audit services to the City for Fiscal Year 2016, for a total fee not to exceed \$837,500.00. [Ben Gorzell, CPA, Chief Financial Officer; Troy Elliott, CPA, Director, Finance]  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** 1. 2nd Extension to Audit Contract, 2. Draft Ordinance, 3. Ordinance 2015-12-03-1005

Date	Ver.	Action By	Action	Result
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**DEPARTMENT:** Finance

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

**COUNCIL DISTRICTS IMPACTED:** City-wide

### SUBJECT:

One Year Extension and Renewal of the Independent External Audit Services Contract

### SUMMARY:

An Ordinance approving and authorizing execution of the Second Extension of the External Audit Services Contract with Padgett Stratemann & Co., LLP, to provide independent audit services to the City for Fiscal Year 2016, for a total fee not to exceed \$837,500.00.

### BACKGROUND INFORMATION:

On June 14, 2012, Ordinance Number 2012-06-14-0444 was passed executing an 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.

On December 4, 2014, Ordinance Number 2014-12-04-0940 was passed executing the first extension of the audit services

contract with PS&Co to provide independent audit services for fiscal year ending September 30, 2015. The award to PS&Co was for a 3 year external audit services contract with 2, 1-year extensions (for FY2015 and FY2016) upon Council approval. The City is currently on the first extension of the contract. An item was placed on the Audit Committee's October 20, 2015 agenda to discuss and recommend exercising the second 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 \$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 (AABE/VBE/ESBE) - \$75,375
  - Britts & Associates, LLP (AABE/WBE/DBE) - \$150,750
  - C.C. Garcia & Co., PC (HABE/WBE/ESBE) - \$117,250
  - Schriver, Carmona & Carrera, PLLC (HABE/ESBE) - \$75,375

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 the first extension and have found it to be acceptable. As such, staff recommends exercising the second option to extend for a fifth year at a cost not to exceed \$837,500.00 to provide the City with independent external audit services for fiscal year 2016.

The City will solicit a five year RFP for Independent External Audit Services for fiscal years 2017 through 2021 in fall 2016.

## **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 Second Extension of the Audit Services Contract with Padgett Stratemann & Co., LLP, to provide independent audit services to the City for Fiscal Year 2016, for a total fee not to exceed \$837,500.00. Funds are available in the FY 2016 Adopted General Fund Budget.

## **RECOMMENDATION:**

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