



City of San Antonio

Agenda Memorandum

File Number:15-5420

Agenda Item Number: 3.

Agenda Date: 11/3/2015

In Control: Early Childhood Education Municipal Development Corporation Board of Directors

DEPARTMENT: Pre-K 4 SA

DEPARTMENT HEAD: Kathy Bruck, CEO

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approval of Independent Audit Services Contract

SUMMARY:

This action authorizes the execution of the final contract year with the firm of Padgett, Stratemann & Company, LLP to provide the Pre-K 4 SA independent audit and related services for fiscal year 2016 for a total contract value not to exceed \$80,700.00.

BACKGROUND INFORMATION:

Pre-K 4 SA is required to engage an independent certified public accounting (CPA) firm to conduct an annual audit of Pre-K 4 SA financial records and accounts. As a result, various reports and opinions are prepared in order to communicate the financial position of Pre-K 4 SA.

On May 1, 2014, Pre-K 4 SA with the assistance of the City's Finance Department released a Request for Proposal (RFP) for Independent Audit Services. Firms that were identified as Large San Antonio Accounting firms and those who had communicated an interest in the RFP were invited to propose. The RFP contained the following major scope requirements for potential respondents:

Scope of Services - Independent Audit Services to include audits of the Pre-K 4 SA Annual Financial Report and Annual Schedules of Expenditures of Federal and State Awards (Single Audit Report). Audit the Pre-K 4 SA tuition price for all tuition families through an audit of the Pre-K 4 SA tuition calculator.

Contract Term - A three year term to include the required audits for the fiscal years ending June 30, 2014 with two (2) one (1) year options to extend the Contract for fiscal years 2015 and 2016. The first extension did not require Board of Directors approval because the contract value had yet to exceed the contract amount requiring Board approval (\$50,000.00).

Independence - Requirement that the selected firm comply with the independence standards and all other standards promulgated by the AICPA, GAO and any other standards promulgated by any authoritative body.

Pre-K 4 SA received three proposals from the firms of Armstrong Vaughn & Associates, Robert J Williams, CPA, and Padgett Stratemann & Company LLP. The evaluation team selected to review the proposals consisted of the City Controller, Pre-K 4 SA Department Fiscal Administrator and Pre-K 4 SA Sr. Accountant. The audit firm of Padgett Stratemann & Company LLP was selected based on their audit plan, experience and price.

ISSUE:

As required by the Pre-K 4 SA Bylaws, an annual audit of Pre-K 4 SA financial records and accounts is to be performed by an independent certified public accountant. As Pre-K 4 SA received financial assistance in the form of Federal and State grants, Single Audit Reports are also required.

ALTERNATIVES:

There are limited alternatives to having an audit performed since it is legally mandated. However, Pre-K 4 SA could release a new RFP and establish a new contract with another firm or combination of firms.

FISCAL IMPACT:

The FY 2016 audit fee would be \$32,250.00 and increase the contract value to \$80,700.00. The FY 2016 audit fee is payable from the Pre-K 4 SA Operating fund contingent on appropriated funds adopted with the FY 2017 budget.

RECOMMENDATION:

Staff recommends Board approve for Pre-K 4 SA staff to execute the final contract year with the firm of Padgett, Stratemann & Company, LLP to provide the Pre-K 4 SA independent audit and related services for fiscal year 2016 for a total contract value not to exceed \$80,700.00.