

July 18, 2000

AGENDA ITEM 36

Consider awarding, rejecting or extending proposals for outside audit.

Commissioner Limmer advised at 10 o'clock a.m. on Thursday, June 15, 2000, four (4) proposals were received and opened from:

George Chester Draper III  
Lockart, Atchley & Associates, L.L.P.  
Padgett, Stratemann & Co., L.L.P.  
Patillo, Brown and Hill, L.L.P.

Patillo, Brown and Hill, L.L.P. partner Todd Pruett addressed the court concerning the sensitivity of his firm toward auditing governmental entities while remaining independent.

Moved: **Commissioner Limmer**

Seconded: **Judge Doerfler**

Motion: To award outside audit proposal to Patillo, Brown and Hill, L.L.P.

Vote: Motion carried 4 – 0

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## Outside Audit Firm RFP Breakdown:

<b>Accounting Firm</b>	<b>Patillo Brown &amp; Hill</b>	<b>Lockart Atchley &amp; Associates</b>
County Govt. Clients	30	None
GFOA program clients	6 County – 15 other	None
GFOA reviewers on staff	3	None
Number of firm staff	100	26
Years in business	77 year firm	Less than 1 year
Peer Review for quality	Member of AICPA SECPS-every 3 years	None
Strengths	Familiar with our business	Fresh perspective
Weakness	Familiar with our business (1)	We would be their only County account
Cost 3 year annual average	No material difference \$ 17,250	No material difference \$ 21,750

↑ approved 7-19-00 ↑  
John C. Daeylla

- I. Patillo Brown and Hill have rotated Auditors in the past and has provided us with the names of a new Audit team. We recommend that they address this issue in Court.

**Pattillo, Brown & Hill, L.L.P.**

**Audit Team Staffing History**

**For Williamson County**

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
<b>Partner</b>	Jim Curry	Jim Curry	Jim Curry	Jim Curry
<b>Manager</b>	Todd Pruitt	Todd Pruitt	Todd Pruitt	Todd Pruitt
<b>Supervisor</b>	Chris Pruitt	Chris Pruitt	Chris Pruitt	John Manning
<b>Staff</b>	Daniel Reyna	Paula Spiegelhauer	Tonya Milam	Tyrone Powell
<b>County Staff</b>	Julie Kiley Kathy Wierzowiecki	Julie Kiley Kathy Wierzowiecki	Julie Kiley Kathy Wierzowiecki	Nancy Williams Julie Kiley
	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
<b>Partner</b>	Steve Bostick	Steve Bostick	Steve Bostick	Steve Bostick
<b>Manager</b>	Jim Curry	Jim Curry	Jim Curry	Jim Curry
<b>Supervisor</b>	Todd Pruitt	Gina Vincent	Gina Vincent	Sandy Burns
<b>Staff</b>	Ben Nevarro	Narciso Montoya	Diane Christian	Becca Thompson
<b>County Staff</b>	Nancy Williams Julie Kiley	Nancy Williams Glenn Graham	Nancy Williams Glenn Graham	Norma Davis Nancy Williams

**Proposal to Provide**  
**PROFESSIONAL AUDIT SERVICES**  
**for**  
**WILLIAMSON COUNTY**  
**For the Year Ended September 30, 2000**

Submitted by:

**George Chester Draper, III**  
Certified Public Accountant  
8900 Shattuck Cove  
Austin, TX 78717-2905

June 7, 2000

A handwritten signature in black ink, appearing to read 'G. Draper', is written over a horizontal line. A long, sweeping flourish extends from the bottom of the signature.

Contact person:  
Chet Draper  
(512) 244-6478

## **SPECIFIC AUDIT APPROACH**

### **Scope of the audit**

I will perform an audit of the financial statements of Williamson County, Texas, for the year ended September 30, 2000. The audit will be conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the U. S. General Accounting Office. Government Auditing Standards incorporate the AICPA standards for field work and reporting into generally accepted government auditing standards and make certain additions to those standards. Under the supplemental reporting standards for government financial audits, I will prepare a written report on my tests of compliance with applicable laws and regulations, and a written report on my understanding of the entity's internal control structure and the assessment of control risk made as part of the financial statement audit.

### **Specific audit approach**

Each year I will very carefully, and in detail, prepare an audit plan tailored to meet the changing requirements of the Governmental Accounting Standards Board, the GAO's Government Auditing Standards, and the individual needs of the County. At the end of each audit, I will present to the Commissioners Court a summary of recommendations designed to aid the County in improving its systems of internal controls and the efficiency of its accounting system.

Attribute sampling for internal control study and evaluation purposes will be used with a sample of thirty (30) items selected from each major transaction cycle on a judgmental basis. Where sampling procedures are used in the substantive testing of account balances, dollar unit sampling will be applied to a stratified population. That is, one hundred percent testing will be applied to all items which are individually material and dollar unit sampling will be applied to the remainder of the population. Such sample sizes are dependent upon the monetary value of the population and the value established for materiality.

Analytical procedures will be used to the greatest extent possible where such procedures will save time by reducing or replacing substantive tests. Such procedures will include comparison of current year balances to prior year balances and budgeted amounts, and comparison of calculated ratios to expected amounts or industry averages. A preliminary analytical review will be used during the planning stage to determine the nature and extent of audit procedures to be applied and during the final review to determine that all unusual relationships have been addressed.

Internal control questionnaires, both general and EDP, narrative descriptions of the transaction cycles arrived at through discussions with accounting personnel, and observation of actual practices will be used to obtain an understanding of the County's system of internal controls. Attribute testing of transactions from each major transaction cycle will be used to evaluate compliance with internal control procedures.

My knowledge of laws and regulations applicable to governmental organizations and discussions with the County will be used in determining laws and regulations which will be tested for compliance. For the purposes of compliance testing, inquiry and observation and professional judgment will be used to determine the nature and extent of samples to be drawn.

**Task/Activity Plan**

The audit can be broken into the following basic segments with the estimated number of hours to be assigned by level of task:

<u>Segment</u>	<u>Staff Hours</u>	<u>Supervisor Hours</u>	<u>Proprietor and Manager Hours</u>
Planning and general documentation	7	8	7
Internal control considerations (understanding, study, evaluation)	15	15	-
Substantive testing of account balances	88	85	15
Analytical procedures	10	10	-
Supervision and review of audit procedures, workpaper documen- tation, and report disclosures	-	10	10
Preparation and review of reports	10	20	10
Other general matters	<u>10</u>	<u>10</u>	<u>10</u>
	<u>140</u>	<u>158</u>	<u>52</u>

**PROPOSED SCHEDULE**

I plan to schedule two weeks of interim audit work in October in order to identify and resolve any audit issues. I will schedule four weeks for final audit field work for the month of December.

**ADDITIONAL DATA AND OTHER INFORMATION**

There is no additional information I wish to present.

**CONCLUDING REMARKS**

I will be happy to negotiate any matter in the proposal including the audit team, the proposed schedule, or the audit fee.

**COST PROPOSAL**

My professional fees are based upon quoted rates for the services provided as applied to the actual time spent on the engagement. Based upon my experience with county audits, AICPA and governmental audit requirements and standards, and my understanding of your operations, I estimate that the audit should take approximately 350 hours.

<u>Level</u>	<u>Hours</u>	<u>Rates</u>	<u>Amount</u>
Partner	17	\$ 125	\$ 2,125
Manager	35	75	2,625
Supervisory staff	158	55	8,690
Staff	140	40	5,600
Other (specify):	<u>0</u>	N/A	<u>0</u>
	<u>350</u>		19,040
Discount			<u>-2,040</u>
Subtotal			17,000
Out-of-pocket expenses			<u>0</u>
Quoted fee estimate			\$ <u>17,000</u>
2000	\$17,000		
2001	\$17,000		
2002	\$17,000		



PROPOSAL TO PROVIDE  
AUDIT SERVICES FOR  
WILLIAMSON COUNTY, TEXAS

Submitted by

Lockart, Atchley & Associates, L.L.P.  
6850 Austin Center Boulevard, Suite 180  
Austin, TX 78731  
(512) 346 - 2086

Dan Shaner, Partner

June 12, 2000

ORIGINAL

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**PROPOSED SCHEDULE**

We are confident that with our personnel and our approach to your engagement, we can meet the timelines indicated in the Request for Proposal. As noted in our time estimates above, we would expect to perform some of the planning, documenting and detail testing work prior to the end of the fiscal year. As soon as possible after we are selected as your auditors, we would meet with you to set specific dates for each phase of our audit. We would provide schedules of documents and work papers needed from County personnel at that time. We anticipate that our requests would not be significantly different from the types of assistance requested from the County in prior audits.

### Time Estimates

The following table summarizes the time estimates and staff level assignments for each segment of the work plan.

<u>Phase/Personnel</u>	<u>Hours</u>	<u>Approximate Timing</u>
Planning and Review		
Partner	16	July, August, Sept.
Senior	<u>32</u>	
	<u>48</u>	
Testing Sample Transactions		
Partner	16	August, September
Senior	24	
Staff	<u>32</u>	
	<u>72</u>	
Account Balance Testing		Late November, December
Partner	40	
Senior	68	
Staff	<u>60</u>	
	<u>168</u>	
Reports and Exit Interviews		
Partner	8	Late December, early January
Senior	<u>24</u>	
	<u>32</u>	
Total	<u>320</u>	
Deliver a draft copy of the audit report and management letter		January 15
Deliver copies of the final reports: CAFR		February 15
Juvenile Probation		January 31
Community Supervision		January 31
Present audit report and management letter to Board		As requested

(\*) All dates are approximate and will be mutually agreed upon by the County and us. Meeting the deadlines is dependent on the County providing the documents and other information required on a timely basis.

**COST PROPOSAL (ESTIMATED FEES)**

Our fee estimate is based on a realistic assessment of the amount of time necessary to achieve fully the services and related objectives shared by the County and our firm. Fees are normally calculated using standard rate schedules applied to the actual time expended by each member of our professional staff.

Based upon our time estimate and upon the anticipated staff to be assigned to this engagement, we estimate that our fees for the services described in our proposal would be as follows:

Fiscal year ending September 30,	<u>CAFR</u>	<u>Juvenile Probation</u>	<u>Community Supervision</u>
2000	\$20,750	\$ 2,000	\$ 2,750
2001	21,750	2,250	3,000
2002	22,750	2,500	3,250

If selected as your auditors, we will be able to contract with you for the specific fees which will be set forth in an annual engagement letter along with the scope of the required procedures.

We can provide a wide range of additional services if or when needed, including the technical assistance and advice referred to in this proposal. The fees for any other services, if performed, will be based on how much assistance you request, the level of personnel required to provide the services and the timing of the services. We will mutually agree on these factors and our fees before we begin any of this work. Our standard hourly rates for this type of work are as follows:

Partner	\$ 125
Manager	105
Supervisor	95 - 100
Senior	75 - 90
Staff	55 - 70

We encourage clients to call us throughout the year with questions as they arise. We can usually answer most questions in a few minutes at no charge to you. In the event the questions require more time, we will arrive at an estimated fee, based on the above rate schedule, before beginning any work.

Proposal for  
**PROFESSIONAL AUDITING SERVICES**  
for  
**WILLIAMSON COUNTY, TEXAS**

Submitted By:

*Santos Fraga, Jr., Partner*

*Date: June 15, 2000*



***PADGETT, STRATEMANN & CO., L.L.P.***  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**AND BUSINESS ADVISORS**

1635 N.E. Loop 410, Suite 700 – San Antonio, Texas 78209-1684  
(210) 828-6281 – Fax (210) 826-8606

***Audit Plan and Proposed Schedule***

A detailed time estimate for conducting and completing the audit follows:

<b>Procedure</b>	<b>Staff Person Responsible</b>	<b>Timing</b>	<b>Hours</b>
Meet with you to discuss audit plan and timing for interim and year-end work	Fraga, Janssen, and Pitman	August 2000	15
Prepare audit planning workpapers and kit, and review client preparation kit	Pitman and Chamberlin	September 2000	40
Perform interim work including federal program compliance procedures and as much work as possible to ensure efficient and timely completion at year-end	Pitman, Chamberlin, and Yeatts	October 2000	80
Send year-end confirmation requests	Yeatts	October 2000	2
Perform year-end work, prepare draft of financial statements and management letter, and perform in-house quality review	Fraga, Janssen, Pitman, Chamberlin and Yeatts	December 2000	260
Meet to discuss audit adjusting and closing entries and draft of financial statements and management letter	Fraga and Pitman	January 2001	10
Deliver final report and management letter	Chamberlin	February 15, 2001	4
Present report and management letter to members of the Commissioners Court	Fraga and Pitman	February 2001	<u>4</u>
			<u>415</u>

This audit plan assumes the County's books and accounts are balanced and all reconciliations are made and tied to the general ledger prior to year-end fieldwork. With our trained professional team members, we can complete the audit in a timely and efficient manner and are committed to meet the timelines indicated in the Request for Proposal.

Our fees are determined by the time incurred by members of your audit team to provide the services and by their respective billing rates. Our billing rates which are determined by the level of experience of each individual are as follows:

	<u>Rate</u>	<u>Hours</u>	<u>Total</u>
<b>2000 Audit</b>			
Partner	\$ 180	8	\$ 1,440
Manager	120	35	4,200
Supervisor	80	130	10,400
Senior	75	130	9,750
Team members	70	112	7,840
Expenses		<u>—</u>	<u>2,160</u>
		<u>415</u>	<u>\$35,790</u>
<b>2001 Audit</b>			
Partner	\$ 185	8	\$ 1,480
Manager	125	35	4,375
Supervisor	85	130	11,050
Senior	80	130	10,400
Team members	75	112	8,400
Expenses		<u>—</u>	<u>2,270</u>
		<u>415</u>	<u>\$37,975</u>
<b>2002 Audit</b>			
Partner	\$ 185	8	\$ 1,480
Manager	130	35	4,550
Supervisor	90	130	11,700
Senior	85	130	11,050
Team members	80	112	8,960
Expenses		<u>—</u>	<u>2,375</u>
		<u>415</u>	<u>\$40,115</u>

**COST PROPOSAL**  
**(Continued)**

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	<u>Rate</u>	<u>Hours</u>	<u>Total</u>
<b>2003 Audit</b>			
Partner	\$ 190	8	\$ 1,520
Manager	135	35	4,725
Supervisor	95	130	12,350
Senior	90	130	11,700
Team members	85	112	9,520
Expenses		<u>-</u>	<u>2,500</u>
		<u>415</u>	<u>\$ 42,315</u>
<b>2004 Audit</b>			
Partner	\$ 195	8	\$ 1,560
Manager	140	35	4,900
Supervisor	100	130	13,000
Senior	95	130	12,350
Team members	90	112	10,080
Expenses		<u>-</u>	<u>2625</u>
		<u>415</u>	<u>\$ 44,515</u>

The above fee estimate assumes the absence of significant changes in the County's organization (e.g., turnover of key personnel) and its accounting systems or reporting requirements. Substantial changes in the operations of the County, both from a financial and managerial standpoint, will be reviewed and monitored throughout the year to determine their impact and allow for planning the engagement fees and audit strategy. In addition, our fee estimates assume there will be no new accounting standards issued during our term that will require substantial additional audit effort and that there will be no additional major state and federal financial assistance programs entered into by the County. Should such situations occur, we will discuss the matters with the County and obtain appropriate fee adjustments.



Services for "accounting research and compliance" that are of an ongoing nature, "requested services," and "special projects" will be billed at our standard hourly rates plus out-of-pocket expenses. This includes guidance and assistance with the Governmental Accounting Standards Board (GASB) Statement No.34 implementation and any other standards issued during our term that will require additional efforts. Our standard hourly rates for the 2000 audit year are as follows:


Partner	\$ 180
Manager	120
Supervisor	80
Senior	75
Team members	70

Subsequent years will be adjusted by approximately 5% per year.

**WILLIAMSON COUNTY PROPOSAL FORM****OUTSIDE AUDIT SERVICES****NUMBER:** 00WC605**PROPOSAL OPENING DATE & TIME:** JUNE 15, 2000 - 10:00 AM

The undersigned, by his/her signature, represents that he/she is authorized to bind the proposer to fully comply with the terms and conditions of the attached Request for Proposal, and Specifications for the amount(s) shown on the accompanying proposal sheet(s). By signing below, you have read the entire document and agreed to the terms therein.

**NAME OF PROPOSER:** Pattillo, Brown & Hill, L.L.P.**Mailing Address:** 200 West Highway 6, Suite 300**City:** Waco **State:** TX **Zip:** 76712**Telephone:** ( 254 ) 772-4901 **Fax:** ( 254 ) 772-4920

 **Date of Proposal:** 6-8-00  
 Signature of Person Authorized to Sign Proposal

**Name and Title of Signer:** James C. Curry, Partner

(Please Print or Type)

**PLEASE COMPLETE THE FOLLOWING:**Prompt Payment Discount: 0 % 0 days. (If no discount is offered, Net 30 will apply.)☒ "all or none" basis. (Will accept award of "all" items only. If left blank, low item will apply.)☐ low item basis. (Will accept award on "any or all" items.)

List Additional Limitations if applicable: \_\_\_\_\_

 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**DO NOT SIGN OR SUBMIT THIS FORM**  
**WITHOUT READING ENTIRE DOCUMENT**

**THIS FORM MUST BE COMPLETED, SIGNED AND RETURNED WITH BID**

**PROPOSED SCHEDULE**

At Pattillo, Brown & Hill, L.L.P., we are large enough to provide flexibility in scheduling, yet small enough to provide the personalized service that our clients deserve. We are committed to beating established deadlines. We will meet the schedule as listed in the RFP, as follows:

Detail audit plan and list of PBC Schedules to County	November 1, 2000
Fieldwork May Begin	December 1, 2000
Fieldwork to be Completed	December 31, 2000
Final Opinion Letter to County Auditor	February 15, 2001
Final Report for Printing to County Auditor	February 15, 2001

**GENERAL PLANNING PROCEDURES**

We would prefer to perform preliminary audit procedures prior to the County’s fiscal year-end. These procedures will be designed to gather information necessary to obtain an understanding of the County’s operations, organization and internal controls. We will make an initial assessment of the risk of material misstatement of the financial statements and of material noncompliance with laws, regulations, and provisions of federal and state contracts and grant agreements. We will determine if a single audit is required under OMB Circular A-133 and the State of Texas Single Audit Circular. A determination of the County’s major federal and state programs will be made, and which tests of controls and compliance tests are to be performed. Audit work programs will be prepared for each significant area covered by the audit and a complete time budget by audit area will be completed at this time. Staffing assignments will be determined and the audit plan will be discussed with County officials. We will provide the County a list of items to assemble prior to the start of fieldwork in order to facilitate the timing of the audit. Due to the nature of this segment of the audit, and the audit manager will be on-site for the majority of this stage in addition to the senior and staff auditors.

**SUBSTANTIVE TESTING AND TESTS OF CONTROLS**

Subsequent to year-end, we will perform procedures in order to determine that the financial statements are presented in accordance with generally accepted accounting principles applied on a consistent basis and that all material disclosures have been made. The financial statements will be cross-referenced to supporting statements and schedules within the report, to footnotes and to the related audit working papers.

COST PROPOSAL

1. Name of Firm: Pattillo, Brown & Hill, L.L.P.

Certification that the person signing this proposal is entitled to represent the Firm and authorized to sign a contract with Williamson County, Texas.

So Certified

Name: James C. Curry, CPA, CGFM

Title: Partner

Signature: Jim Curry

Date: June 8, 2000

Concern over the level of fees for professional services pervades business today. We are sensitive to this concern, and are committed to ensuring that all appropriate actions are taken to maintain fees at reasonable levels through effective planning and coordination of our work with you. The following table outlines the professional fees to perform the services you have requested.

<u>Services</u>	<u>Total All-Inclusive Fee</u>
<ul style="list-style-type: none"><li>Audit of financial statements</li><li>Single audit in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular</li><li>Issuance of a management letter containing comments on internal control structure and other matters for the consideration of management</li><li>Telephone conversations throughout the year</li></ul>	\$16,750

Our stated fee includes all out-of-pocket expenses and will not be exceeded unless significant new audit, accounting, or regulatory requirements are imposed. In addition, should this become a multi-year engagement, we will be able to change scope levels and maintain the same level of fees as indicated below:

<u>Fiscal Year Ending</u>	<u>Total All-Inclusive Fee</u>
2000	\$16,750
2001	17,250
2002	17,750
2003	18,250
2004	18,750

Other consultation and assistance would be billed on an hourly basis. We would apprise you of the estimated fees before beginning any specific project approved by you.

#### ***TOTAL ALL-INCLUSIVE MAXIMUM PRICE***

The proposal contains all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price proposed contains all direct and indirect costs including all out-of-pocket and travel expenses.

All phone consultations are included in the maximum all-inclusive price.

#### ***RATES FOR ADDITIONAL PROFESSIONAL SERVICES***

If it should become necessary for the County to request the Auditor to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued during this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the County and the Firm shall be performed at the same rates set forth below:

Partner	\$110
Manager	85
Senior	60
Staff	50

#### ***PROGRESS PAYMENTS***

Pattillo, Brown & Hill, L.L.P. accepts the payment terms stated in the County's RFP.

**AGENDA ITEM 37**

Consider awarding, rejecting or extending bids for the construction of the Robinson Park Pedestrian Trail.

County Engineer Joe England advised five (5) bids were received from:

AFS Environmental, Inc.

MAC, Inc.

Muniz Concrete & Contracting, Inc.

SJC Construction, Inc.

STR Constructors, Inc.

The apparent low bidder was Muniz Concrete and Contracting, Inc. at \$34,653.75 which Mr. England recommended awarding for the construction of the Robinson Park Pedestrian Trail

Moved: **Commissioner Boatright**

Seconded: **Judge Doerfler**

Motion: To award Robinson Park Pedestrian Trail construction bid to Muniz Concrete and Contracting for \$34,653.75.

Vote: Motion carried 4 – 0

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