Independent Accountant’s Report on Applying Agreed-upon Procedures

Ms. Sylnovia Holt-Rabb, Assistant Director
City of Austin
Economic Development Department

We have performed the procedures enumerated in the attached Summary of Procedures and Results, which were agreed to by the City of Austin (the City), solely to assist the City in evaluating whether Advisory Board Company (Advisory Board) has complied with certain provisions of the City of Austin’s Chapter 380 Economic Development Agreement (the Agreement), dated July 5, 2011. The City’s management is responsible for the determination of compliance by Advisory Board with the Agreement. The sufficiency of these procedures is solely the responsibility of parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures included in the attached Summary of Procedures and Results, either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether Advisory Board is in compliance with the Agreement. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City, and is not intended to be, and should not be, used by anyone other than this specified party.

RSM US LLP
Austin, Texas
October 9, 2017
We have performed the following procedures related to certain records and transactions specified by the City:

1. With reference to Section 1.02 of the Agreement regarding Retained Full-Time Jobs:
   a. We obtained from Advisory Board a payroll schedule listing Retained Full-Time Advisory Board Austin employees for the December 31, 2016, payroll. We inspected the payroll schedule and confirmed the schedule included the name, hire date and number of hours compensated for each retained employee. We also inspected the schedule and confirmed it included the names of 44 retained employees hired prior to July 25, 2011. No exceptions were found as a result of the foregoing procedures.
   b. Using the schedule obtained in Procedure 1a, we selected a sample of five employees representing 11 percent of the employees listed in the schedule. For the sample selected, we inspected the paystub or other supporting documentation for the payroll period ended December 31, 2016, and confirmed each paystub or other supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.

2. With reference to Section 1.02 of the Agreement regarding New Full-Time Jobs:
   a. We obtained from Advisory Board a payroll schedule listing Advisory Board employees in New Full-Time Jobs for the year ended December 31, 2016. We inspected the payroll schedule and confirmed the schedule included the name, hire date, compensation rate and number of hours compensated for each employee during the year ended December 31, 2016. Also, we inspected the schedule and confirmed it included at least 325 Full-Time Advisory Board employees. No exceptions were found as a result of the foregoing procedures.
   b. Using the schedule obtained in Procedure 2a, we selected a sample of 33 employees representing 10 percent of the employees listed in the schedule. For the sample selected:
      i. We inspected 13 of the sampled paystubs or other supporting documentation for the payroll period ended December 31, 2016, and confirmed each paystub or other supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.
      ii. We inspected 16 of the sampled paystubs or other supporting documentation for the payroll period ended December 31, 2016, and confirmed 16 employees received base pay increases in 2016 so their annualized base pay recalculated using the employee’s paystub or other supporting documentation as of December 31 was higher than the base pay reported in 2016. No exceptions were found as a result of the foregoing procedures.
      iii. We inspected four of the sampled paystubs or other supporting documentation for the payroll period ended December 31, 2016, and confirmed the bonuses for these four employees (as well as three employees who received base pay increases at Procedure 2.b.ii, seven employees total), were $12,634.30 lower than the amounts reported. We inspected the supporting documentation and confirmed these employees were reported as having received tuition reimbursements or relocation bonuses that were not paid in 2016, but were reported as such by Advisory Board. No exceptions were found as a result of the foregoing procedures.
      iv. We inspected the 33 sampled items and confirmed the total compensation of the 33 sampled employees was 99.65 percent of total compensation reported for these 33 employees. No exceptions were found as a result of the foregoing procedures.
c. Using the schedule obtained in Procedure 2a, we recalculated the average annual salary, including bonuses paid, but excluding benefits, for the group of 325 employees identified. We confirmed 99.65 percent of the recalculated average annual salary plus actual bonuses and overtime paid in 2016 is at least $90,000. No exceptions were found as a result of the foregoing procedures.

3. With reference to Section 1.03(a) of the Agreement:

a. We obtained from the City a copy of the program from the 2016 Multi-cultural Career & Opportunities Expo held September 29, 2016, at the Goodwill Community Center, 1015 Norwood Park Boulevard in Austin. We inspected the program and confirmed the program lists Advisory Board as a participating employer. No exceptions were found as a result of the foregoing procedures.

b. We obtained verbal confirmation from Joyce Ramirez of Advisory Board on July 5, 2017, that new Advisory Board employees are provided orientation which includes Advisory Board’s expectations regarding diversity and reporting harassment. No exceptions were found as a result of the foregoing procedures.

4. With reference to Section 1.03(b) of the Agreement:

a. We obtained from Advisory Board a report showing the names and addresses of 63 individuals hired by Advisory Board during 2016. We inspected the report and confirmed all 63 individuals have addresses in the Austin Round Rock Metropolitan Statistical Area (MSA). No exceptions were found as a result of the foregoing procedures.

b. Using the report obtained in Procedures 4a, we selected a sample of seven items representing 11 percent of the 63 employees with addresses in the Austin Round Rock MSA. For the sample selected, we inspected the Form W-2 of each sample selected and confirmed each employee’s address on the Form W-2 corresponded to the report provided or is in the Austin Round Rock MSA. No exceptions were found as a result of the foregoing procedures.

c. We obtained from the City, an email from Joyce Ramirez of Advisory Board dated July 19, 2017, to Terry Franz at Economic Development Department (EDD). We inspected the email and confirmed that, according to the email, Advisory Board participated in four recruiting events in the Austin area during 2016:

i. Austin TechUP Diversity & Inclusion Fair, Atlassian, 303 Colorado Street, #1600, May 7, 2016;

ii. General Assembly Student Showcase, General Assembly, 600 Congress Avenue, August 31, 2016;

iii. UT Austin Technology & Science Career Fair, The University of Texas at Austin, September 20, 2016; and

iv. Health Informatics and IT Career Fair, Braker Point II Complex, 10801-2 North MoPac, October 8, 2016.

No exceptions were found as a result of the foregoing procedures.
5. With reference to Section 1.04(a) of the Agreement:
   a. We obtained from the City a report provided June 20, 2012, by Joyce Ramirez of Advisory Board to Terry Franz of EDD. We inspected the report and confirmed that according to the report:
      i. Ninety percent of the ongoing operational product and service suppliers are vendors selected by Advisory Board’s headquarters in Washington, D.C. to supply all of Advisory Board’s satellite offices. For products and services not provided by these corporate vendors, the Advisory Board has made efforts to select local minority-owned, women-owned and veteran-owned businesses; and
      ii. These efforts resulted in Advisory Board’s 2012 expenditures with five such businesses, including a janitorial service, an indoor office plant service, a beverage and coffee provider, an electrical company and a voice and data cabling company.

No exceptions were found as a result of the foregoing procedures.

b. We obtained from the City an email dated August 23, 2016, from Joyce Ramirez of Advisory Board to Terry Franz of EDD. We inspected the email and confirmed that, according to the email, in 2015 Advisory Board began using its corporate vendor for coffee and beverages as a cost-saving measure. No exceptions were found as a result of the foregoing procedures.

c. We obtained from the City a report showing Advisory Board's 2016 expenditures with three local businesses who were HUB certified at the time Advisory Board initially contracted with them in 2012. We inspected the report and confirmed that, according to the report, Advisory Board spent $30,396.13 with these businesses in 2016. No exceptions were found as a result of the foregoing procedures.

d. Using the report obtained at Procedure 5c, we selected a sample of seven transactions, with at least one from each vendor, totaling $12,271.15, representing 40 percent of Advisory Board’s reported 2016 expenditures with the three businesses. For the sample selected, we inspected the invoices or supporting documentation for six of the transactions totaling $10,780.05 and confirmed that each of the invoices or supporting documentation agreed to Advisory Board’s report. For the remaining transaction of $1,491.10, we confirmed with Advisory Board that the seventh transaction was a duplicate. No exceptions were found as a result of the foregoing procedures.

6. With reference to Sections 2.05(b), 2.05(c) and 2.05(d) of the Agreement, we obtained from the City a February 9, 2017, memorandum from Veronica Briseno, Director of Small and Minority Business Resources Department (SMBR) to Kevin Johns, Director of EDD. We inspected the memorandum and confirmed that, according to the memorandum, Advisory Board complied with the MBE/WBE procurement ordinance during 2016. No exceptions were found as a result of the foregoing procedures.

7. With reference to Section 1.05 of the Agreement, we obtained a copy from the City of the query of the City of Austin Interactive Development Review Permitting and Inspection Database for a search of records with "Advisory Board" in the project name for the period from January 1, 2016, through January 4, 2017. Using the results of the query, we confirmed no site plans or subdivision applications and/or amendments were filed for this project name during that period. No exceptions were found as a result of the foregoing procedures.
8. With reference to Section 1.06 of the Agreement, we obtained from the City a copy of Advisory Board’s 2016 Economic Development Reporting Form and email correspondence from Joyce Ramirez of Advisory Board to Terry Franz of EDD. We inspected the form and email correspondence and confirmed the form was received via email by the City on March 21, 2017. No exceptions were found as a result of the foregoing procedures.

9. With reference to Section 2.08 of the Agreement:

   a. We obtained from the City Advisory Board's acknowledgement to EDD regarding the stipulation that Advisory Board has not employed undocumented workers. We inspected the acknowledgement and confirmed that, according to the acknowledgement, during the term of the Agreement Advisory Board has:

      (1) Not knowingly employed any undocumented worker;

      (2) Not been notified of any complaint alleging that it has employed undocumented workers;

      (3) Agreed that if it is notified of any such complaint during the term of the agreement it will notify the City; and

      (4) Not been convicted of any violation under 8 U.S.C. Section 1324a(f).

   No exceptions were found as a result of the foregoing procedures.

   b. For each employee included in the sample at procedures (1) and (2), we obtained from Advisory Board an e-Verify report, the employee’s completed Form I-9 or other evidence that the employee is authorized to work in the United States. We inspected the supporting documentation and confirmed Advisory Board provided documentation for each employee in the samples. No exceptions were found as a result of the foregoing procedures.

10. With reference to Section 2.01 of the Agreement:

   a. We obtained from the City a report from https://data.austintexas.gov/dataset/Economic-Development-Compliance-Chapter-380-Agreem/pxe3-na7s/data. We inspected the report and confirmed total payments to Advisory Board as of March 28, 2017, totaled $169,480. No exceptions were found as a result of the foregoing procedures.

   b. We confirmed the difference between 91 and 44 is 47. No exceptions were found as a result of the foregoing procedures.

   c. We confirmed the difference between 325 and 47 is 278. No exceptions were found as a result of the foregoing procedures.

   d. We recalculated and confirmed the product of $190 multiplied by 278 is $52,820. No exceptions were found as a result of the foregoing procedures.