



## Padgett Stratemann

### Independent Accountant's Report on Applying Agreed-Upon Procedures

Ms. Sylvania Holt-Rabb, Financial Manager  
City of Austin  
Economic Development Department  
Austin, Texas

We have performed the procedures enumerated below, which were agreed to by the City of Austin (the "City"), solely to assist the specified user in evaluating the City's assertion that The Advisory Board Company ("Advisory Board") has complied for the reporting year 2013 with certain provisions, as described below, of the Chapter 380 Economic Development Agreement (the "Agreement"), approved by the City Council on July 5, 2011 through Ordinance No. 20110623-136 and executed by the City Manager on July 25, 2011. The City is the specified user of this report. The City's management is responsible for the determination of compliance by Advisory Board with the Agreement. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. With reference to Section 1.01 of the Agreement:
  - a. We obtained from Advisory Board a schedule detailing the Advisory Board's 2013 investment in leasehold improvements totaling \$4,873,404.87. No exceptions were found as a result of the foregoing procedures.
  - b. Using the schedule obtained in Procedure 1a, we selected a sample of two items representing 20% of the leasehold improvements listed in the schedule. For the two items selected, we inspected the invoice or other supporting documentation and confirmed each invoice or supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.

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800 879 4966

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2. 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, 2013 payroll. We inspected the payroll schedule and confirmed the schedule included the name, hire date, and number of hours compensated for each employee. We also inspected the schedule and confirmed the schedule included the names of 91 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 ten employees representing 11% of the employees listed in the schedule. For the sample selected, we inspected the paystub or other supporting documentation for the payroll period ending December 31, 2013, and we 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.
3. 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 ending December 31, 2013. We inspected the payroll schedule and confirmed the schedule includes the name, hire date, compensation rate, and number of hours compensated for each employee during the year ending December 31, 2013. We also inspected the schedule and confirmed the schedule included 212 Advisory Board employees. No exceptions were found as a result of the foregoing procedures.
  - b. Using the schedule obtained in Procedure 3a, we selected a sample of 22 items representing 10% of the employees listed in the schedule. For the sample selected, we inspected the paystub or other supporting documentation for the payroll period ending December 31, 2013, and we 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.
  - c. Using the schedule obtained in Procedure 3a, we recalculated the average annual salary, including bonuses, but excluding benefits, for each of the 212 employees identified. We confirmed the recalculated average annual salary was at least \$90,000. No exceptions were found as a result of the foregoing procedures.
4. With reference to Section 1.03(a) of the Agreement:
  - a. We obtained from the City a report entitled "The Advisory Board Company's America's Job Exchange Job Distribution Report for January 1, 2013 through December 31, 2013." We inspected the report and confirmed that, according to the report, each of the 155 Austin jobs posted by Advisory Board in 2013 were distributed to diversity, veteran, Hispanic, and disability partners and career exchanges in Texas. No exceptions were found as a result of the foregoing procedures.

- b. We obtained from the City a report entitled “Job Listing and Distribution Report, The Advisory Board Company” for the Technical Support Analyst position posted September 7, 2013. We inspected the report and confirmed the posting was distributed to three Workforce Solutions offices in Austin and to Urban League Workforce Development in Austin. No exceptions were found as a result of the foregoing procedures.
  - c. We obtained verbal confirmation from Joyce Ramirez of the Advisory Board on May 8, 2014, that new Advisory Board employees are provided orientation, which includes the Advisory Board’s expectations regarding diversity and reporting harassment. No exceptions were found as a result of the foregoing procedures.
5. With reference to Section 1.03(b) of the Agreement:
- a. We obtained from Advisory Board a report showing the names and addresses of 50 individuals hired by Advisory Board during 2013. We inspected the report and confirmed all 50 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 Procedure 5a, we selected a sample of 5 employees representing 10% of the 50 employees with addresses in the Austin-Round Rock MSA. For the sample selected, we inspected each employee’s W-2 form and confirmed each employee’s address on the W-2 form corresponds 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 verbal confirmation from Joyce Ramirez of the Advisory Board on May 8, 2014 that the Advisory Board engaged in the following efforts during 2013 to recruit residents of the Austin area for jobs at the Software Center:
    - i. Hosting a Hiring Open House May 30, 2013 at the Software Center;
    - ii. Hosting an Interaction Design Association (IxDA) Meetup Event June 6, 2013 at the Software Center;
    - iii. Hosting AngularJS Meetup Events July 23, 2013 and September 17, 2013 at the Software Center;
    - iv. Participation in the iQuery Conference Austin 2013; and
    - v. Participation in the 2013 SXSW Tech Career Expo.No exceptions were found as a result of the foregoing procedures.
6. With reference to Section 1.04(a) of the Agreement:
- a. We obtained from Advisory Board a report of Advisory Board’s 2013 expenditures paid to local and certified Historically Underutilized Businesses (“HUBs”). We inspected the report and confirmed Advisory Board’s 2013 expenditures paid to these businesses totaled \$119,142.53. No exceptions were found as a result of the foregoing procedures.

- b. Using the report obtained in Procedure 6a, we selected a sample of five items representing 13% of Advisory Board's reported 2013 expenditures paid to these businesses. For the sample selected, we inspected an invoice or other appropriate supporting documentation and confirmed the invoice or other supporting documentation agreed to the report provided by Advisory Board. No exceptions were found as a result of the foregoing procedures.
  - c. We obtained from the City either a report from each of the businesses web sites or [www.google.com](http://www.google.com) and/or a report of the businesses HUB certification identified in Procedure 6a. We inspected each of the reports and confirmed the businesses have an Austin location per the reports. No exceptions were found as a result of the foregoing procedures.
  - d. We obtained verbal confirmation from Joyce Ramirez of the Advisory Board on May 8, 2014 that before making a purchase for its headquarters for goods and/or services over \$5,000, the Advisory Board contacts the City's Small and Minority Business Resources Department. No exceptions were found as a result of the foregoing procedures.
7. With reference to Section 2.05(b), 2.05(c), and 2.05(d) of the Agreement, we obtained a copy of a memorandum dated March 3, 2014 from Veronica Lara, Director of the City's Small and Minority Business Resources Department (SMBR) to Kevin Johns, Director of the City's Economic Development Department ("EDD"). We inspected the memorandum and confirmed the Advisory Board complied with the standards and principles of the City's MBE/WBE Procurement Program during 2013. No exceptions were found as a result of the foregoing procedures.
  8. 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 "The Advisory Board Company" in the Project Name for the period from January 1, 2013 through March 3, 2014. Using the query, we identified site plan or subdivision applications and/or amendments filed by Advisory Board during that period. We also obtained e-mail communication dated April 21, 2014 between Terry Franz of EDD and Susan Scallon of the City's Watershed Protection Department. We inspected the e-mail communication and confirmed that, according to the e-mail, Advisory Board did not assert any Chapter 245 rights in connection with any of its site plan or subdivision applications or amendments between January 1, 2013 and March 3, 2014. No exceptions were found as a result of the foregoing procedures.
  9. With reference to Section 1.06 of the Agreement, we obtained from the City a copy of Advisory Board's 2013 Economic Development Reporting Form and e-mail correspondence from Joyce Ramirez of Advisory Board to Terry Franz of the EDD. We inspected the form and e-mail correspondence and confirmed the form was received via e-mail by the City on March 11, 2014. No exceptions were found as a result of the foregoing procedures.

10. With reference to Section 1.07 of the Agreement, we obtained from the City Advisory Board's acknowledgement to the 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 been notified of any complaint alleging that it has employed undocumented workers;
- (2) Agreed that if it is notified of any such complaint during the term of the Agreement it will notify the City; and
- (3) 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.

11. With reference to Section 2.01 of the Agreement:

- a. We obtained from the City a report from [www.austintexas.gov/page/agreements-payments-information](http://www.austintexas.gov/page/agreements-payments-information). We inspected the report and confirmed payments to Advisory Board as of July 2, 2013 totaled \$30,210.
- b. We recalculated and confirmed the product of \$190 multiplied by 212 is \$40,280.

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

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. 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.

*Padgett, Stratemann + Co., L.L.P.*

September 8, 2014