



# External Audit Required Communications

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# External Audit

- External audit ensures City records are properly maintained, free from material misstatement, and comply with established concepts, principles, and accounting standards
- Provides a true and fair view of the financial statements of the City
- Required under the provisions of the City Charter
- Required by State Statute



# Internal Audit

- Performs financial, fiscal compliance & other audits as directed by the Audit & Accountability Committee
- Review tends to be more programmatic and specific in nature
- Required under the provisions of the City Charter
- Reports to the Audit & Accountability Committee



# Contract Fees

FISCAL YEAR	PRICE
FY 2017	\$830,000
FY 2018	\$860,000
FY 2019	\$895,000
FY 2020	\$930,000
FY 2021*	\$970,000 Base *up to 12 addt'l single audit programs for \$144,000 approved in contract extension



**FY2021 Planning Presentation to the  
Audit and Accountability Committee  
of the City of San Antonio, Texas**

# BKD's Responsibilities

- › Audit of the City's Annual Comprehensive Financial Report
- › Compliance with specified requirements applicable to its major federal and state award programs
- › An audit in accordance with:
  - Auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
  - Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
  - State of Texas Single Audit Circular and Uniform Grant Management Standards (UGMS)
- › Obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

Everyone needs a trusted advisor.  
Who's yours?

# Audit Deliverables to be Completed

City of San Antonio  
Annual  
Comprehensive  
Financial Report

Single Audit under  
Uniform Guidance

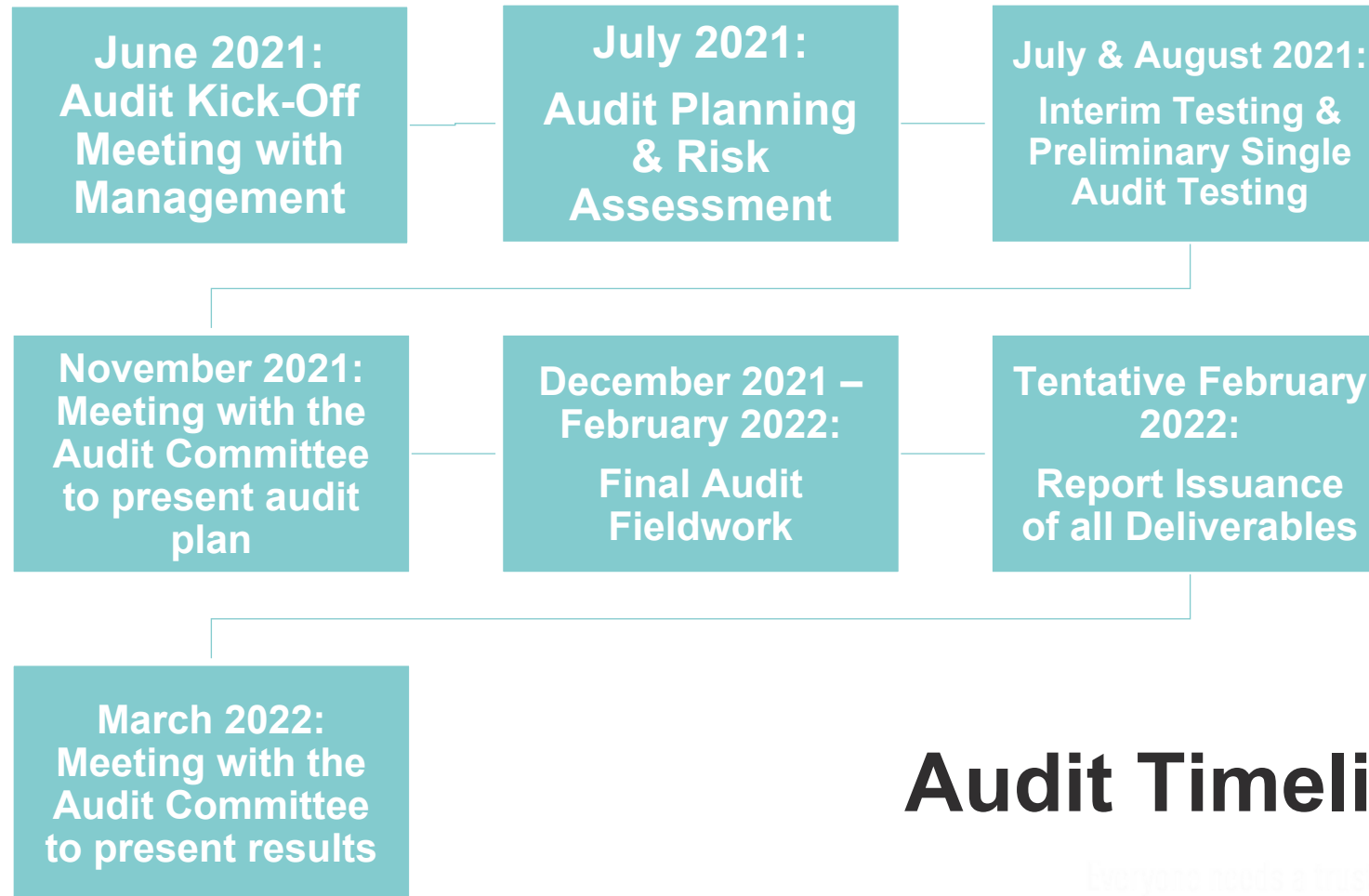
Single Audit under  
State of Texas  
Uniform Grant  
Management  
Standards

Passenger Facility  
Charge Report

Texas Commission  
on Environmental  
Quality Agreed Upon  
Procedures Report

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## Audit Timeline

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# Materiality

Materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is ordinarily evaluated against relevant financial statement benchmark(s).

- › We believe that total assets, total revenues, or total expenses/expenditures is the appropriate benchmark for the major funds of the City's financial statements dependent upon the type of fund.
- › We believe total expenditures for each major program are the appropriate benchmarks for the City's federal and state Single Audit.

Financial statement items greater than materiality are within our audit scope. Other accounts or classes of transactions less than materiality may be in our scope if qualitative risk factors are present (for example, related party relationships, bond coverage, fraud risk or significant unusual transactions).

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# Accounting & Auditing Matters

- › The following matters are, in our judgment, relevant to the planned scope of the audit, as well as your responsibilities in overseeing the financial reporting process:
  - The development and implementation of internal control over financial reporting and grant compliance.
  - See upcoming *Accounting Pronouncements* slide for standards that will be implemented in the current and future fiscal years.
  - Significant estimates, such as allowance for doubtful accounts, pension liabilities, other post employment benefit liabilities and depreciable lives.
  - Testing major programs in accordance with Uniform Guidance or State of Texas UGMS requirements and reporting related to federal or state expenditures for the City, including the filing of the data collection form.

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# Component Units and Use of Other Auditors

- › There are certain component units that are audited by other auditors whose reports will be furnished to us. A detail list of the component units is noted in the Appendix
  - Fiduciary: 2
  - Blended: 6
  - Discretely presented: 9

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# Significant Risk Areas

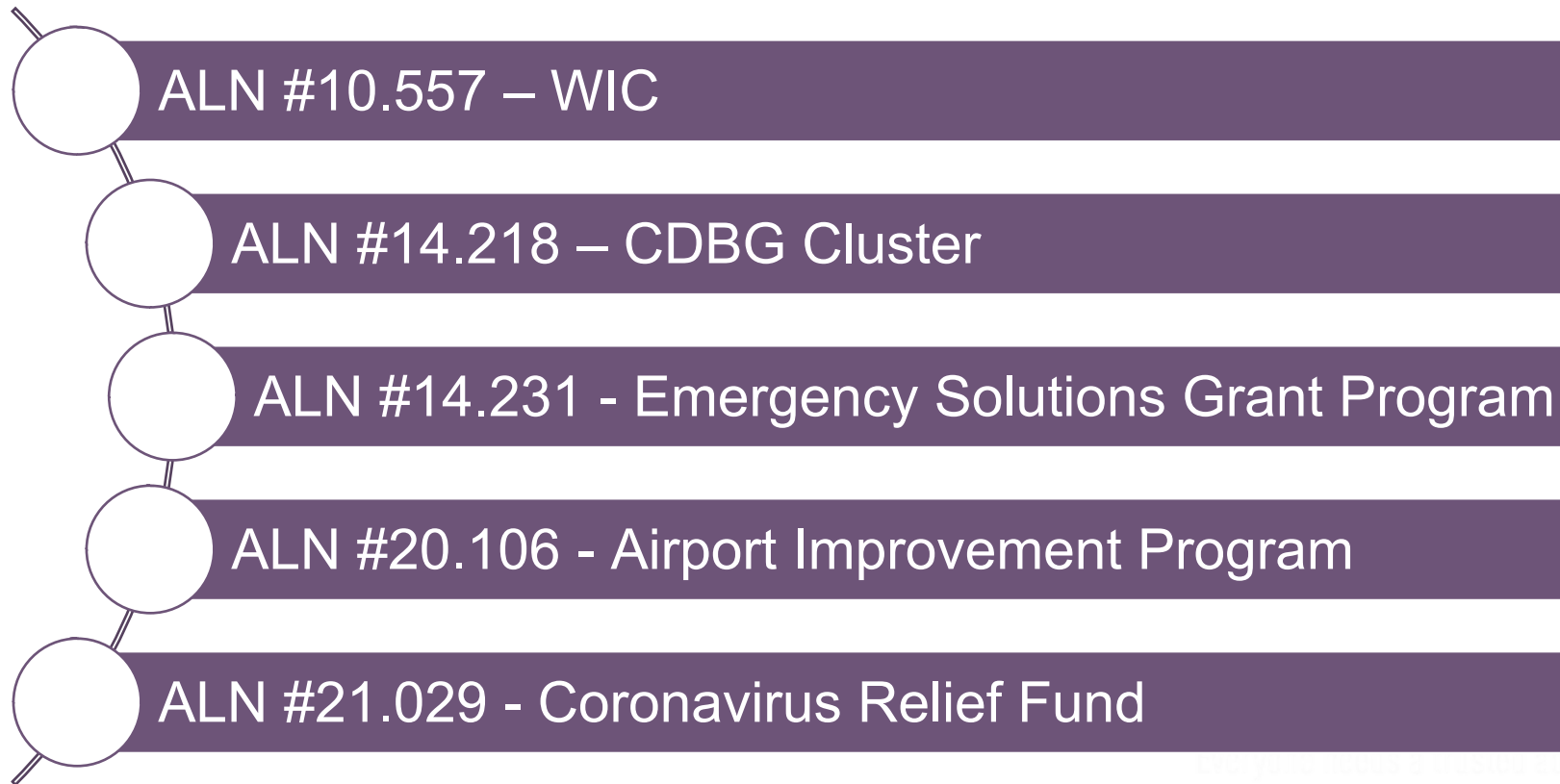
The following areas of significant risks of material misstatement due to error of fraud and material noncompliance have been preliminarily identified and these areas will be addressed as described below:

Risk Area	Audit Approach
Revenue recognition and the risk of fraud related to revenue accounts	Analytically review revenues, confirmation with third-parties, test of details for accounts not confirmed, test of controls for certain accounts, perform cut-off procedures and review subsequent collections
Management override of controls	Review of journal entries, review of estimates for management bias and review of significant/unusual transactions for business purpose
Program compliance	Test controls and required compliance objectives as required by the Uniform Guidance and UGMS

We welcome any input you may have regarding the risk areas identified above, any other significant risk areas in your opinion or other matters you believe warrant particular attention.

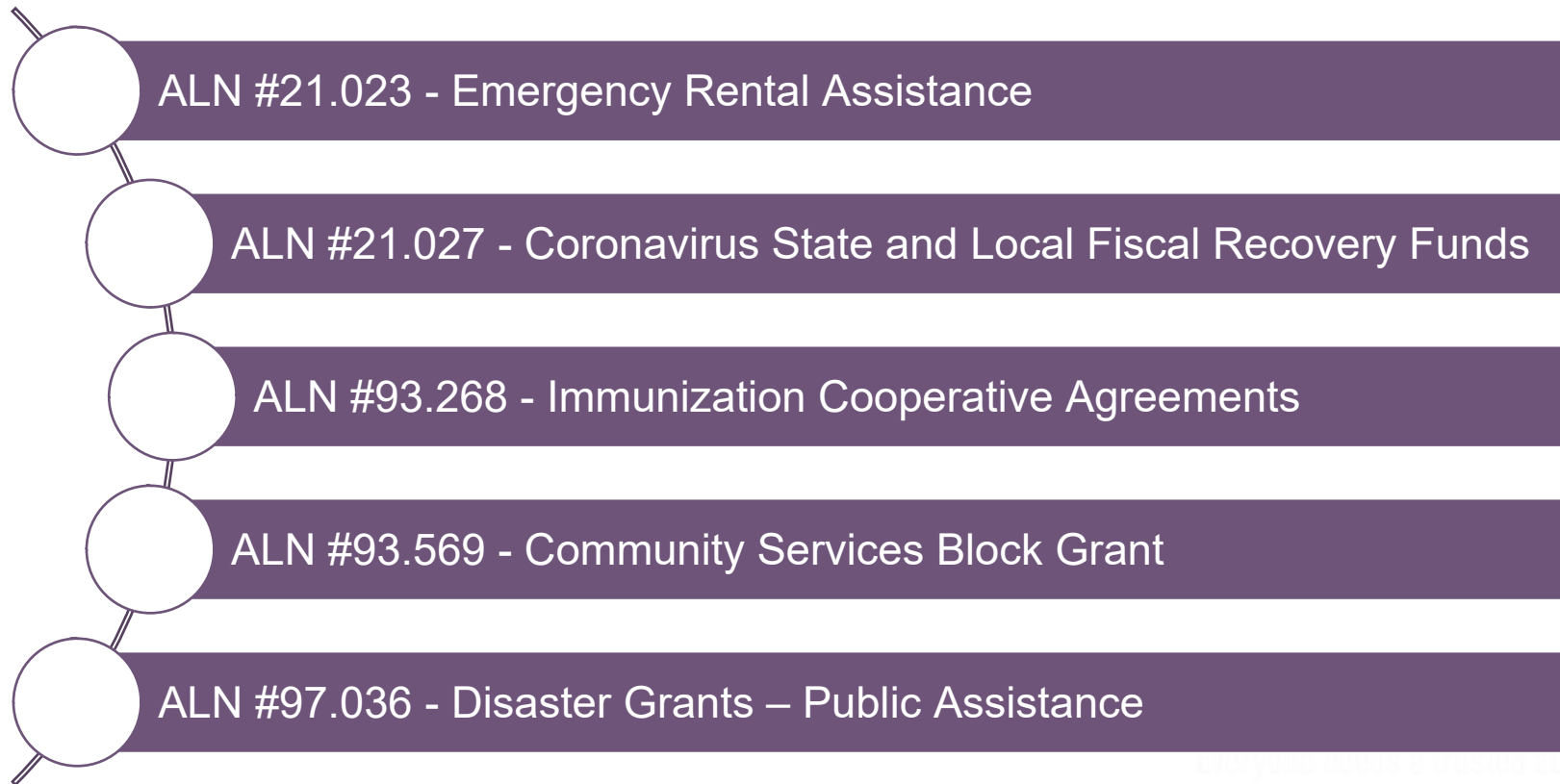
Who's a trusted advisor?  
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# Major Programs for Single Audit Testing - Federal



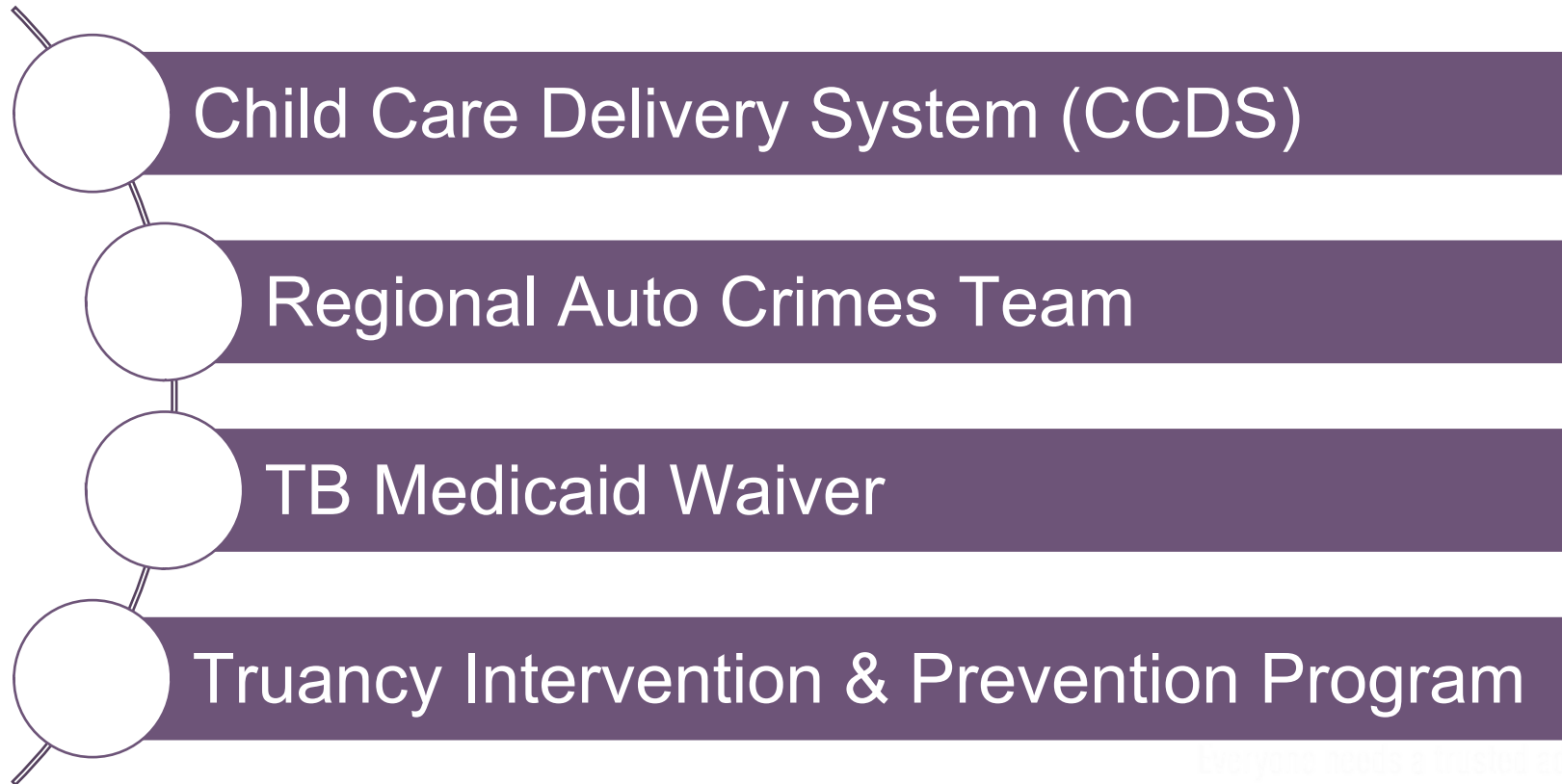
Who's yours?  
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# Projected Major Programs for Single Audit Testing – Federal (continued)



Who's yours?  
Who's yours?

# Current Major Programs for Single Audit Testing - State



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# Consideration of Error or Fraud

Engagement Team Brainstorming

Inquiries of Management and Others

Reviewing accounting estimates for bias

Evaluating business rationale for significant unusual transactions

Incorporating an Element of Unpredictability Into the Audit Each Year

# Views of Those Charged with Governance

## Discussion Points

- › Knowledge of any significant known or suspected fraud
- › Any specific risks of error or fraud that the City has identified
- › Audit Committee Oversight
- › Any noncompliance with requirements of laws or regulations
- › Known internal control deficiencies/overall view of internal control structure
- › Any concerns over relationships or transactions with related parties
- › Significant and unusual transactions entered into during the year
- › Known data breaches, ransomware attacks, or other cybersecurity events

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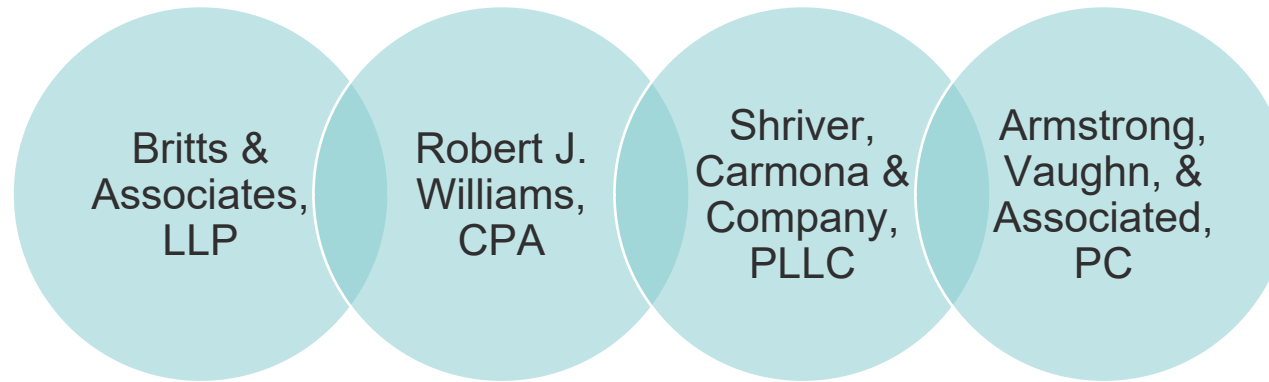
# Appendix

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**BKD**

# Teaming Partners

- › BKD will utilize four teaming partners to complete the audit:



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# Component Units

- San Antonio Fire and Police Pension Fund
- San Antonio Fire and Police Retiree Health Care Fund
- San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4SA),
- HemisFair Park Area Redevelopment Corporation,
- Municipal Golf Association – San Antonio,
- San Antonio Economic Development Corporation,
- Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio
- Visit San Antonio
- CPS Energy,
- San Antonio Water System,
- Brooks Development Authority,
- Port Authority of San Antonio dba Port San Antonio,
- SA Energy Acquisition Public Facility Corporation,
- San Antonio Bexar County Soccer Public Facility Corporation,
- San Antonio Housing Trust Finance Corporation,
- San Antonio Housing Trust Foundation, Inc., and
- San Antonio Housing Trust Public Facility Corporation

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# Accounting & Auditing Matters – Pronouncements Effective for FY2021

GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61*

GASB Statement No. 92, *Omnibus 2020 (Certain paragraphs)*

GASB Statement No. 93, *Replacement of Interbank Offered Rates – except Paragraphs 13 & 14*

# Accounting & Auditing Matters – Pronouncements Effective for FY2022 and FY2023

GASB Statement No. 87, *Leases* (FY2022)

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (FY2022)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans* (FY2022)

GASB Statement No. 91, *Conduit Debt Obligations* (FY2023)

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (only Paragraphs 13 & 14 - FY2022)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (FY2023)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (FY2023)



# Questions?

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# Thank You!

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CPAs & Advisors