



To: Richmond City Council
From: Councillor Evelina Halsey-Brandt
Chair, Finance Committee
Re: **APPOINTMENT OF AUDITOR**

Date: May 4th, 2006
File: 03-0950-03/2006-Vol
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The Finance Committee, at its meeting held on Wednesday, May 4th, 2006, considered the attached report, and recommends as follows:

Committee Recommendation (Cllrs. Barnes and E. Halsey-Brandt opposed)

- (1) That KPMG, LLP be re-appointed as the City's auditor for the year 2006, in accordance with the terms of their proposal; and*
- (2) That notice be given to KPMG of the intention of the City to seek expressions of interest for the periods following 2006.*

Councillor Evelina Halsey-Brandt, Chair
Finance Committee

Attach.

VARIANCE

Please note that staff recommended the following:

That KPMG, LLP be re-appointed as the City's auditor for the years 2006-2010, in accordance with the terms of their proposal

Staff Report

Origin

Section 169 of the Community Charter states that "A Council must appoint an auditor for the municipality". In 2001 the City extended the appointment of KPMG as the City's auditor for the years 2001 – 2005.

Analysis

The City is considering a proposal to extend the audit service relationship with KPMG for another five years (2006 - 2010). The proposal has laid out the financial terms for the performance of the audit service.

The City has a long standing audit relationship with KPMG who have one of the largest professional services in BC. Throughout our business relationship they have gained significant experience with the City of Richmond and a deep understanding of how the City is managed. KPMG have performed audits with highly skilled and capable audit teams who focus on the key issues faced by the City. Their knowledge of our technology and accounting systems have resulted in cost effective and timely services earning them the confidence of the Finance Department.


Financial Impact

KPMG's proposed fee is based on the 2005 audit fee of \$55,000 plus \$6,000 for the Richmond Public Library, with an adjustment for inflation over subsequent years. This rate is in line with those of surrounding local governments. Also included in their fee is a high level IT Risk Management review and Audit Committee governance seminar.

The cost of the fee will be included in the operating budget.

Conclusion

The City and KPMG have worked effectively together over the term of their engagement. During that time KPMG has provided financial reporting advice and audit opinions on the City's financial statements. Based on the strength of the firm, the capability of their staff, the quality of the audit services provided and the cost of their services, staff recommends that KPMG LLP be appointed as the City's auditor.



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