



City of Richmond

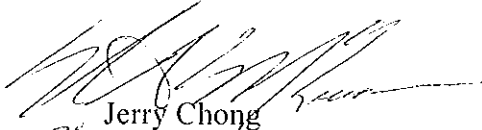
Report to Committee

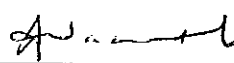


To: Finance Committee
From: Jerry Chong
Director, Finance
Re: Appointment of Auditor

Date: June 20, 2007
File: 03-0950-03/2007-Vol 01

Staff Recommendation

That KPMG, LLP be appointed as the City of Richmond Auditors from 2007 to 2011 in accordance with the terms of their proposal.


Jerry Chong
Director, Finance
(4064)

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|--|--|--------------------------------|
| FOR ORIGINATING DEPARTMENT USE ONLY | | |
| CONCURRENCE OF GENERAL MANAGER | | |
|  | | |
| REVIEWED BY TAG | YES <input checked="" type="checkbox"/>  | NO <input type="checkbox"/> |
| REVIEWED BY CAO | YES <input checked="" type="checkbox"/>  | NO <input type="checkbox"/> |

Staff Report

Origin

Section 169 of the Community Charter states that “A Council must appoint an auditor for the municipality”, and, at the Finance Committee meeting of May 5, 2006 the following motion was carried,

“That KPMG, LLP be re-appointed as the City’s auditor for the for the year 2006’ in accordance with the terms of their proposal, on the understanding that the proposed fee would be to a maximum of \$55,000.; and,

“that notice be given to KPMG of the intention to seek expressions of interest for the periods following that time.”

This report deals with that motion.

Analysis

The City issued an Expression of Interest for the Provision of Audit Services in April 2007 with experience and references on projects of similar scope as key criteria for selection. Responses were received from KPMG and BDO Dunwoody and based on the stated references below, both were subsequently requested to respond to our Request for Proposal.

Previous Audit Experience of Respondents

KPMG

City of Surrey
City of Port Moody
City of White Rock
District of North Vancouver
City of Coquitlam
Township of Langley
City of New Westminster

BDO Dunwoody

District of West Vancouver
Resort Municipality of Whistler
City of Port Coquitlam
City of Abbotsford
Simon Fraser University
Health Benefit Trust

Fee proposals received from the two firms were evaluated by staff on the stated criteria of Project Methodology and Deliverables, Team Composition, Value for Money, References, Expertise in Public Sector Accounting Board Standards and Understanding of Project Objectives.

The results of the evaluation by the Director of Finance, Manager of Budgets and Accounting and the Manager Purchasing and Risk resulted in the firm of KPMG achieving the greatest total score against all of the criteria which included being the less expensive of the two firms for the examination and preparation of the City’s statements.

The City has a long standing audit relationship with KPMG and 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 Division.

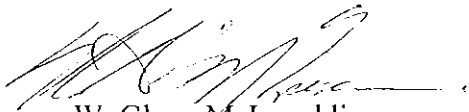
Typically the City considers engaging service contracts of this nature for a 5 year period comprised of a 3 year commitment followed by two one year optional extensions upon mutual agreement of both parties.

Financial Impact

KPMG's fee for the City's audit is \$57,500 which is 4.5% over 2006. The fee will be included in the 2008 operating budget. Additional costs of KPMG services in subsequent years would be based upon a CPI increase over their 2007 fee.

Conclusion

The City and KPMG have worked effectively together over the years and based on their proposal for the Provision of Auditing Services, Contract Number 3018P dated May 9, 2007, staff recommends that KPMG, LLP be appointed as the City's auditor from 2007 to 2011.



W. Glenn McLaughlin
Manager, Purchasing & Risk
(4136)
WGM:wgm