

FINANCE AND CIVIC DEVELOPMENT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: EXTERNAL AUDIT SERVICES

RECOMMENDATION:

1. THAT Council authorize staff to award a five-year contract to KPMG LLP for the City's annual external audit services in the amount of \$88,360 (including HST) for 2011 and indexed by the consumer price index for 2012-2015.

REPORT

The Finance and Civic Development Committee, at its meeting held on 2011 September 22, received and adopted the *attached* report seeking Council approval to award a five-year contract for external audit services for the City and the Library. Funding is included in 2011-2015 Operating Summary of the Council approved 2011 Annual Financial Plan.

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor N. Volkow
Vice Chair

Councillor C. Jordan
Member

Copied to:	City Manager Director Finance Senior Internal Auditor
------------	---

TO: CHAIR AND MEMBERS
FINANCE AND CIVIC DEVELOPMENT
COMMITTEE

DATE: 2011 September 15

FROM: DIRECTOR FINANCE

FILE: 6300 - 01

SUBJECT: EXTERNAL AUDIT SERVICES

PURPOSE: To obtain approval to award a five-year contract for external audit services.

RECOMMENDATION:

1. **THAT** Finance and Civic Development Committee request Council to authorize staff to award a five-year contract to KPMG LLP for the City's annual external audit services in the amount of \$88,360 (including HST) for 2011 and indexed by the consumer price index for 2012-2015.

REPORT

1.0 BACKGROUND

Section 169 of the Community Charter requires Council to appoint an auditor for the municipality. At the 2011 June 21 Finance and Civic Development Committee meeting, a motion was adopted for staff to proceed to tender for external audit services. Staff were also requested to provide information from other municipalities regarding the cost of external audit services.

2.0 FINDINGS

The City issued a request for proposal for the provision of external audit services. Responses were received from BDO LLP, Deloitte LLP, KPMG LLP and PwC LLP. The proposals were evaluated by a selection committee on the stated criteria of public sector accounting standards, government experiences, key personnel, methodology and approach, deliverables, value for money, costs and references.

The evaluation resulted in the firm of KPMG LLP being the proponent that scored the highest against all the criteria, including being the least expensive of the proposals.

To: Finance and Civic Development Committee
From: Director Finance
Re: External Auditors
2011 September 22 Page 2

In response to the Committee's request for information regarding other Lower Mainland City external audit costs, staff surveyed four municipalities and one regional district. Two cities, The City of Vancouver and the City of Richmond were able to disclose the information requested. The City of Vancouver in November 2010 awarded a five-year audit services contract in the amount of \$614,645 (before taxes); the 2011 portion of this contract is \$119,500. The Corporation of Delta's Standing Committee on Finance on 2011 September 14 awarded an audit services contract estimated at \$61,540 including HST for three years with an option to renew for another two years.

3.0 RECOMMENDATION

It is recommended that Council approve an award of a five-year contract to KPMG LLP. For 2011, the external audit services for the City and the Library are \$88,368 (including \$9,468 HST). Annual audit services for 2012-2015 will be adjusted based on changes in the consumer price index. Funding for the City's external audit is included in 2011-2015 Operating Summary of the Council approved 2011 Annual Financial Plan.

Denise Jorgenson
DIRECTOR FINANCE

DJ:FL /ml

Copied to: City Manager
Senior Internal Auditor