



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: December 18, 2006  
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Meeting Date: January 16, 2007

TO: Vancouver City Council  
FROM: General Manager of Corporate Services/Director of Finance  
SUBJECT: Appointment of External Auditor for 2007

#### RECOMMENDATION

- A. THAT the accounting firm of KPMG LLP (KPMG) be confirmed as the City's External Auditor for the fiscal year 2007 in accordance with the terms of the Form of Agreement between the City and KPMG to supply audit services to the City for a period of five years commencing with the audit of the 2003 fiscal year.
- B. THAT the audit fee be set at \$158,016 (exclusive of GST). Funding is included in the 2007 operating budget.

#### CITY MANAGER'S COMMENTS

The City Manager concurs with the recommendations in this report.

#### COUNCIL POLICY

On December 10, 2002, Council approved the appointment of KPMG as the City's External Auditor for a five year term commencing with the fiscal year 2003. This appointment is subject to confirmation on an annual basis in order to meet the requirements of Section 230 of the Vancouver Charter.

## PURPOSE

The purpose of this report is to recommend confirmation of KPMG as the City's External Auditor for 2007.

## DISCUSSION

The City's audit service requirements include:

- Auditing of the City's annual financial statements for the year ended December 31, 2007 in accordance with generally accepted auditing standards.
- Reporting to Council on or before April 30 of the following year, an opinion on whether or not the financial statements, which include all City boards as well as all owned and controlled corporations, fairly present the City's financial position and results of operations in accordance with generally accepted accounting principles for local governments.
- Providing as part of the annual audit, advice and recommendations on the City's management and internal control procedures.
- Attending meetings with City officials as required for the planning and review of the external audit process and the financial statements.
- Responding to requirements and duties of the auditors as outlined in the provisions of the Vancouver Charter in Sections 231 to 235.
- Auditing the Vancouver Public Housing Corporation's annual financial statements for the year ending December 31, 2007 in accordance with generally accepted auditing standards.

## FINANCIAL IMPLICATIONS

The fee proposal for 2007 is \$158,016 (exclusive of GST). The 2007 fee reflects a 1.7% increase over the 2006 fee. The percentage change is based on the change in the Vancouver CPI (all items) for the period October, 2005 to October, 2006. In accordance with the terms of the contract awarded to KPMG for audit services the annual increases in fees after the audit of the 2003 financial statements is limited to the annual change in the CPI (all items) for the City of Vancouver.

The table below shows the Year 2007 proposed fee by audit entity compared with 2006 fees (excluding GST).

Audit Program	2006 Fees	Proposed 2007 Fees	Increase	%
City general and related funds	\$ 144,181	\$ 146,632	\$ 2,451	1.7
Vancouver Public Housing Corporation	\$ 11,194	\$ 11,384	\$ 190	1.7
Total Basic Fee	\$ 155,375	\$ 158,016	\$ 2,641	1.7

Funding is provided in the 2007 annual operating budget.

**CONCLUSION**

Appointment of KPMG as the City's external auditor will satisfy the requirements of Section 230 of the Vancouver Charter that Council appoint an auditor to audit the accounts and transactions of the City and every other administrative body for the year.

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