



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: November 23, 2007
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Meeting Date: December 11, 2007

TO: Vancouver City Council
FROM: General Manager of Corporate Services/Director of Finance
SUBJECT: Appointment of External Auditor for 2008

RECOMMENDATION

- A. THAT the accounting firm of KPMG LLP (KPMG) be confirmed as the City's External Auditor for the fiscal year 2008 in accordance with the terms of the Form of Agreement between the City and KPMG to supply audit services to the City.
- B. THAT the audit fee be set at \$160,860 (exclusive of GST). Funding is included in the 2008 operating budget.

CITY MANAGER'S COMMENTS

The City Manager concurs with the recommendations in this report.

COUNCIL POLICY

Section 230 of the Vancouver Charter requires Council to annually appoint an accounting firm to audit the accounts and transactions of the City and every other administrative body.

PURPOSE

The purpose of this report is to recommend confirmation of KPMG as the City's External Auditor for 2008.

BACKGROUND

On December 10, 2002, Council approved the appointment of KPMG LLP as the City's External Auditor for a five year term commencing with the fiscal year 2003. On July 24, 2007, Council extended the appointment of KPMG LLP for an additional three years to cover fiscal years 2008 to 2010.

DISCUSSION

The City's audit service requirements include:

- Auditing of the City's annual financial statements for the year ended December 31, 2008 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, 2008 in accordance with generally accepted auditing standards.

FINANCIAL IMPLICATIONS

In accordance with the terms of the contract awarded to KPMG for audit services the annual increases in fees is limited to the annual change in the CPI (all items) for the City of Vancouver. The fee proposal for 2008 is \$160,860 (exclusive of GST) and reflects a 1.8% increase over the 2007 fee. The percentage change is based on the change in the Vancouver CPI (all items) for the period October 2006 to October 2007.

Funding is provided in the 2008 annual operating budget.

The table below shows the Year 2008 proposed fee by audit entity compared with 2007 fees (excluding GST).

Audit Program	2007 Fees	Proposed 2008 Fees	Increase	%
City general and related funds	\$146,632	\$149,271	\$2,639	1.8%
Vancouver Public Housing Corporation	\$11,384	\$11,589	\$205	1.8%
Total Fee	\$158,016	\$160,860	\$2,844	1.8%

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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