

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**98-133**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**AGENDA:**  
APRIL 20, 1998

**SYNOPSIS —**

**SUBJECT:**  
AUTHORIZATION  
TO EXTEND  
PRESENT THREE-  
YEAR AGREEMENT  
WITH KPMG PEAT  
MARWICK LLP TO  
INCLUDE AUDITING  
SERVICES FOR  
FISCAL YEAR  
ENDING JUNE 30,  
1999

KPMG Peat Marwick has agreed to extend its current three-year auditing services agreement with the City to include the annual audit for the year ending June 30, 1999, for a fee of \$72,000. The contract for these services will be presented to Council in March or April of 1999.

**FISCAL IMPACT –**

The stated fee of \$72,000 will be included in the Operating Budget for fiscal 1999/2000– the fiscal year in which the fee will be paid. This represents a three percent increase over the annual fee charged for 1996, 1997, and 1998.

**TYPE:**  
**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**RECOMMENDATION –**

**SUBMITTED BY:**  
KEVIN RIPER  
FINANCE  
DIRECTOR

**Approval of the extension of the current three-year auditing services agreement with KPMG Peat Marwick LLP to include the annual audit for the year ending June 30, 1999, and the Single Audit required by the Federal Government for governmental entities receiving federal funds.**

**BACKGROUND –**

Staff recommended and Council selected KPMG Peat Marwick,LLP to be the City’ s independent auditor at the June 17, 1996, Council meeting by Roll Call No. 96-2232. The agreement entered into at that time established a three-year relationship with KPMG Peat Marwick LLP, authorizing the firm to perform auditing services for the City for the fiscal years ending June 30, 1996, 1997, and 1998.

The contract for the third and final year of the current three-year engagement (to provide auditing services for the fiscal

year ending June 30, 1998) was recently approved at the March 23, 1998, Council meeting by Roll Call No. 98-911.

The professional auditing services agreement for the City was scheduled to be re-bid competitively in early 1999. The Finance Department, however, will be heavily involved with the installation/conversion of existing financial/accounting and payroll/human resources software to the recently-selected PeopleSoft software. This process is currently underway and will continue for several years to come.

Therefore, extending the present three-year agreement with KPMG Peat Marwick LLP to include auditing services for June 19, 1999, will benefit the City by maintaining the same external auditor to monitor the transition to the new software, and by allowing limited Finance Department staff resources to focus on the installation/conversion software project, rather than on the selection and acclimation of a new auditing firm in 1999.