

**CITY COUNCIL  
COMMUNICATION:**

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

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

**99-322**

**SYNOPSIS -**

**AGENDA:**

JULY 12, 1999

**SUBJECT:**

AUTHORIZATION  
TO SIGN CONTRACT  
WITH KPMG LLP  
FOR 1999 AUDIT

A contract has been prepared with KPMG LLP for the annual financial audit for the year ending June 30, 1999, for a fee not to exceed \$72,000. Also, because of recent resignations of accountants in the Finance Department, there is a critical need for replacement of high-level accounting and audit resources to complete the audit work papers and Comprehensive Annual Financial Report (CAFR) for fiscal year 1998-99. As last year, staff recommends that KPMG LLP provide this additional assistance.

**FISCAL IMPACT -**

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

The stated fee of \$72,000 for the annual financial audit is provided for in the Operating Budget of the Finance Department. The \$95,000 cost for replacement accounting and audit resources will be funded from salary savings for vacant Finance Department positions, and from appropriations in the Operating Budget for contractual services.

**SUBMITTED BY:**

KEVIN RIPER  
FINANCE  
DIRECTOR

**RECOMMENDATION -**

**Approval of the contract between the City and KPMG LLP to perform the annual audit of the City's finances for the year ending June 30, 1999, including the Single Audit required by the Federal Government for governmental entities receiving federal funds, and to provide replacement accounting and audit resources.**

**BACKGROUND -**

Three years ago, requests for proposals were sent to five public accounting firms and the Auditor of the State of Iowa. Bids were received from two firms: KPMG LLP and Deloitte and

Touche LLP. Staff recommended and Council selected KPMG LLP to be the City's external financial auditor at the June 17, 1996, Council meeting, by Roll Call No. 96-2232.

At its meeting of April 20, 1998, Council extended the audit engagement with KPMG LLP to include a fourth year, the fiscal year just ended (Roll Call No. 98-1184). At its meeting of December 7, 1998, Council amended the contract with KPMG to include \$18,000 for additional accounting and audit resources to complete the fiscal year 1997-98 audit and CAFR.