



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

00-262

SYNOPSIS -

AGENDA:

JUNE 5, 2000

For the past four years, KPMG LLP has served well as the City's independent financial auditor. The City's four-year contract with KPMG for the annual audit expires this month. Therefore, a Request for Proposals (RFP) for professional auditing services was distributed to accounting firms and the State Auditor, and a competition conducted to select an independent financial auditor.

SUBJECT:

SELECTION OF
MCGLADREY &
PULLEN, LLP FOR
PROFESSIONAL
AUDITING
SERVICES

FISCAL IMPACT -

For each of the next three audits-for the fiscal years ending June 30, 2000, 2001, and 2002-the cost will be \$72,500 each year. This figure compares very favorably with the cost of the audits for the fiscal years ended June 30, 1998 and 1999, which were more than 50 percent higher.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Selection of McGladrey & Pullen, LLP/Mississippi Valley Practice (Sarah Bohnsack, Partner, Moline, IL) as the City's independent financial auditor for the next three years, with two one-year renewal options. Furthermore, the Finance Director is directed to return to City Council for approval of a contract/engagement letter at the earliest opportunity.

SUBMITTED BY:

KEVIN RIPER
FINANCE
DIRECTOR

BACKGROUND -

Proposals were evaluated according to these criteria and weights:

Expertise and experience, including performance on comparable engagements; qualifications and staff continuity of the proposed engagement team; and experience with auditing similar federal and state financial assistance programs, which is particularly

important for the Airport and Housing Services (40 points of 100 total, with 10 of these points allocated to the firms' staff stability and continuity);

Audit approach, primarily the adequacy of the proposed staffing plan, sampling techniques, and analytical procedures (20 points);

References from other clients in the public sector (10 points); and

Price (30 points).

A five-person evaluation committee assessed all proposals. This committee consisted of the Senior Accountant from the Aviation Department; the Accounting Analyst from the WRA - Fiscal Services Division of the Finance Department; the Housing Services Accounting Administrator from the Municipal Housing Agency/Housing Services Department; the Deputy Finance Director/Comptroller; and the Finance Director. After considering the written proposals, the results of the 90-minute interviews with each firm, and reference checks, the evaluation committee arrived at the following scoring:

	<u>McGladrey & Pullen</u>	<u>Deloitte & Touche</u>	<u>KPMG/Hayes</u>
Expertise & experience (30)	29	28	30
Staff stability/continuity (10)	10	8	6
Audit approach (20)	20	19	19
References (10)	10	10	10
Price (30)	<u>30</u>	<u>20</u>	<u>15</u>
TOTAL (100)	99	85	80