REVISED

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: October 13, 2010

Board Item: V-E-1

Contract with KPMG for Independent Audit Services

□ Action by Consent X Action □ Information

Denver Water's external auditing services were provided by BKD, LLP from 2006 through 2009. BKD's contract with Denver Water and the City Auditor's office for these services has ended and Denver Water has solicited for new external auditing services.

Requests for proposals were sent to eight potential bidders, thirty-one bidders through the Rocky Mountain Bid System with eight self identified SBE status, and eight Chamber of Commerce organizations. There were four responding per the attached bid evaluation, none were SBEs.

Denver Water's staff and the City Auditor's office jointly recommend that KPMG LLP be awarded the contract for external auditing services. A joint contract between KPMG, Denver Water and the City Auditor's office has been developed for Board approval, with Denver Water paying for the audit services. It will meet Denver Water's auditing needs and those of the City Auditor's office required by the City Charter. It is a five year contract, as recommended by the Government Finance Officers Association. KPMG was selected because of the quality of their local and national staff's expertise, their experience with governmental and utility accounting, and price.

Funds are included in the 2010 budget for these expenditures (MPC 4JA0003) with $22,144.57 available. Funds have been included in the 2011 through 2015 Budget for this expenditure.

	2010	2011	2012	2013	2014	Total
Total audit fees	$104,975	$108,080	$111,150	$114,350	$117,750	$556,305
Less reimbursement from DB retirement plan	18,125	18,700	19,250	19,800	20,400	96,275
Net cost to Denver Water	$ 86,850	$ 89,380	$ 91,900	$ 94,550	$ 97,350	$460,030

Recommendation:

It is recommended the Board authorize award of Contract No. 13106A to KPMG LLP to furnish external auditing services for a total contract amount of $556,305.00, for the period September 1, 2010 through June 30, 2015 excluding the approximately $10,000 annual fee from an OMB A-133 audit that is required if the Board receives a federal grant of $500,000 or more. This award is based on acceptable price, compliance with specifications and approval of the City Auditor's Office.

Approvals:

Angela C. Bricmont, Director of Finance

Respectfully submitted,

James S. Lochhead, CEO/Manager

Revised by Legal 8/31/2009