



## **Calgary Parking Authority** Report to the Audit Committee on the 2018 audit

March 26, 2019

March 19, 2019

To the Audit Committee of  
Calgary Parking Authority

## **Report on audited annual financial statements**

Dear Audit Committee members:

We are pleased to submit this report on the status of our audit of Calgary Parking Authority ("the Authority") for the 2018 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you.

As agreed in our master services agreement dated December 14, 2018, we have performed an audit of the financial statements of Calgary Parking Authority as of and for the year ended December 31, 2018, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our audit report thereon dated March 26, 2019.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on December 14, 2018.

This report is intended solely for the information and use of the Audit Committee, management and others within the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

We, at Deloitte, work as one team to provide you with relevant business insights to assist you improving your current practices.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.



Yours truly,  
Chartered Professional Accountants

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# Our audit explained

This report summarizes the main findings arising from our audit to date. When possible, we have also provided business recommendations on challenging issues that the Authority faces, based on our understanding of your organization and industry.

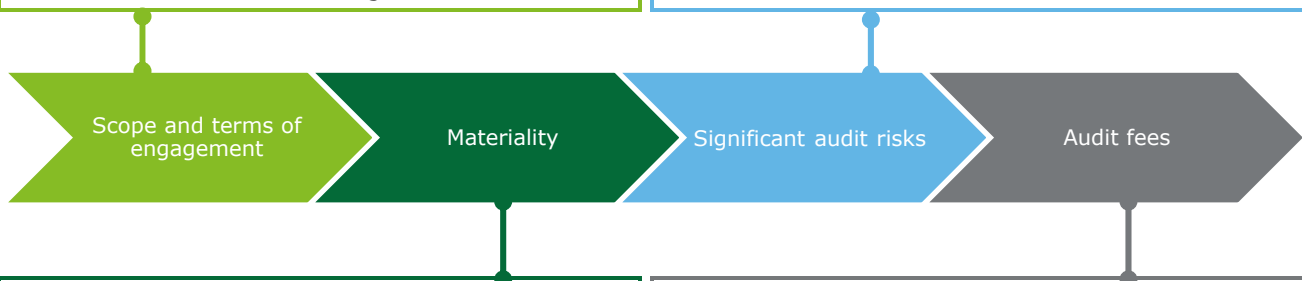
## Audit scope and terms of engagement

We have been asked to perform an audit, which includes the Authority's financial statements (the "financial statements") in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ended December 31, 2018. Our audit was conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master services agreement dated December 14, 2018, which was signed on behalf of the Audit Committee and management.

## Significant audit risks

Through our risk assessment process, we have identified the significant audit risks. These risks of material misstatement and related audit responses are discussed in the significant audit risks section of this report.



## Materiality

We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

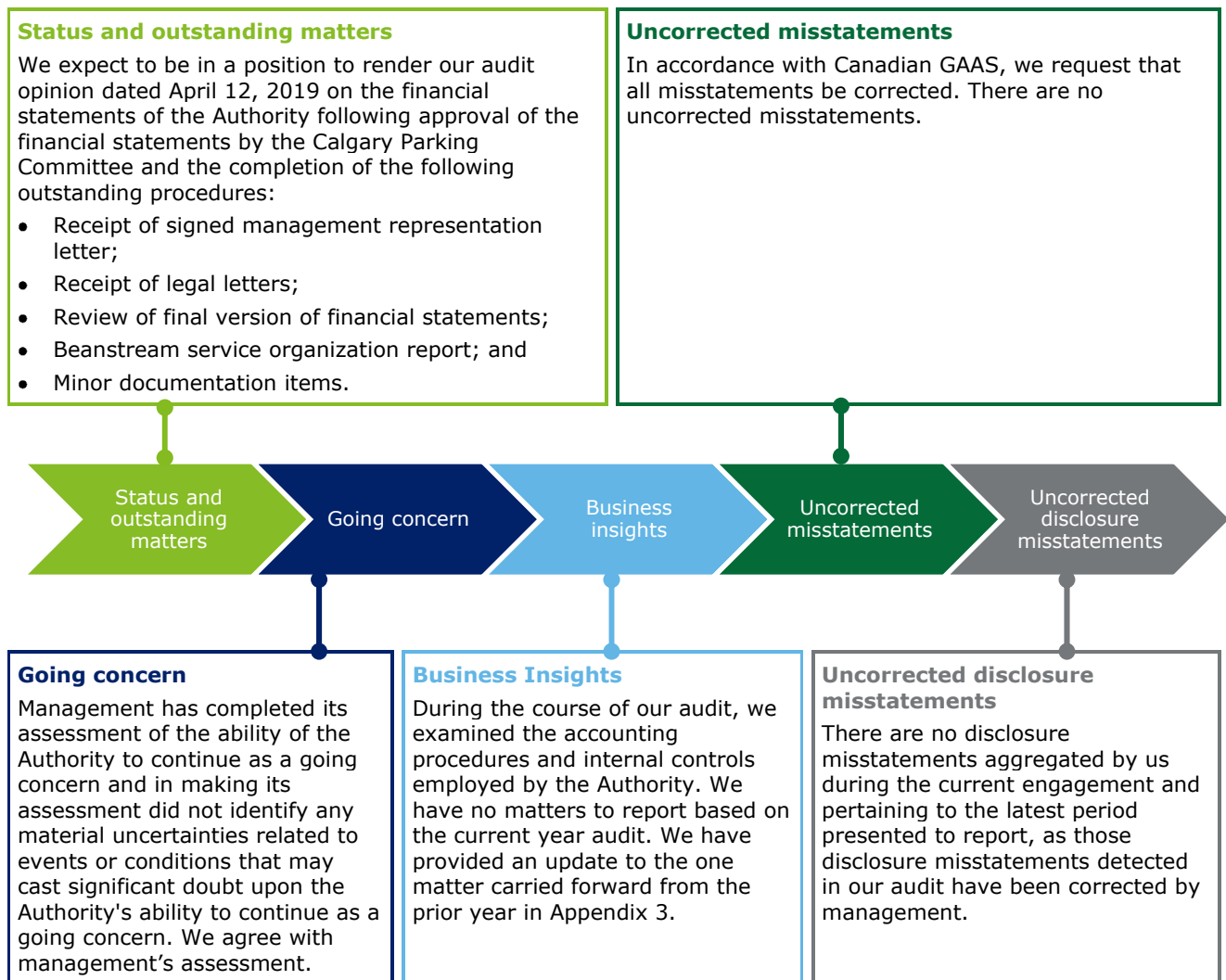
Materiality levels are determined on the basis of total revenues. Our materiality for the year ended December 31, 2018 was \$2,500,000 (2017, \$2,500,000).

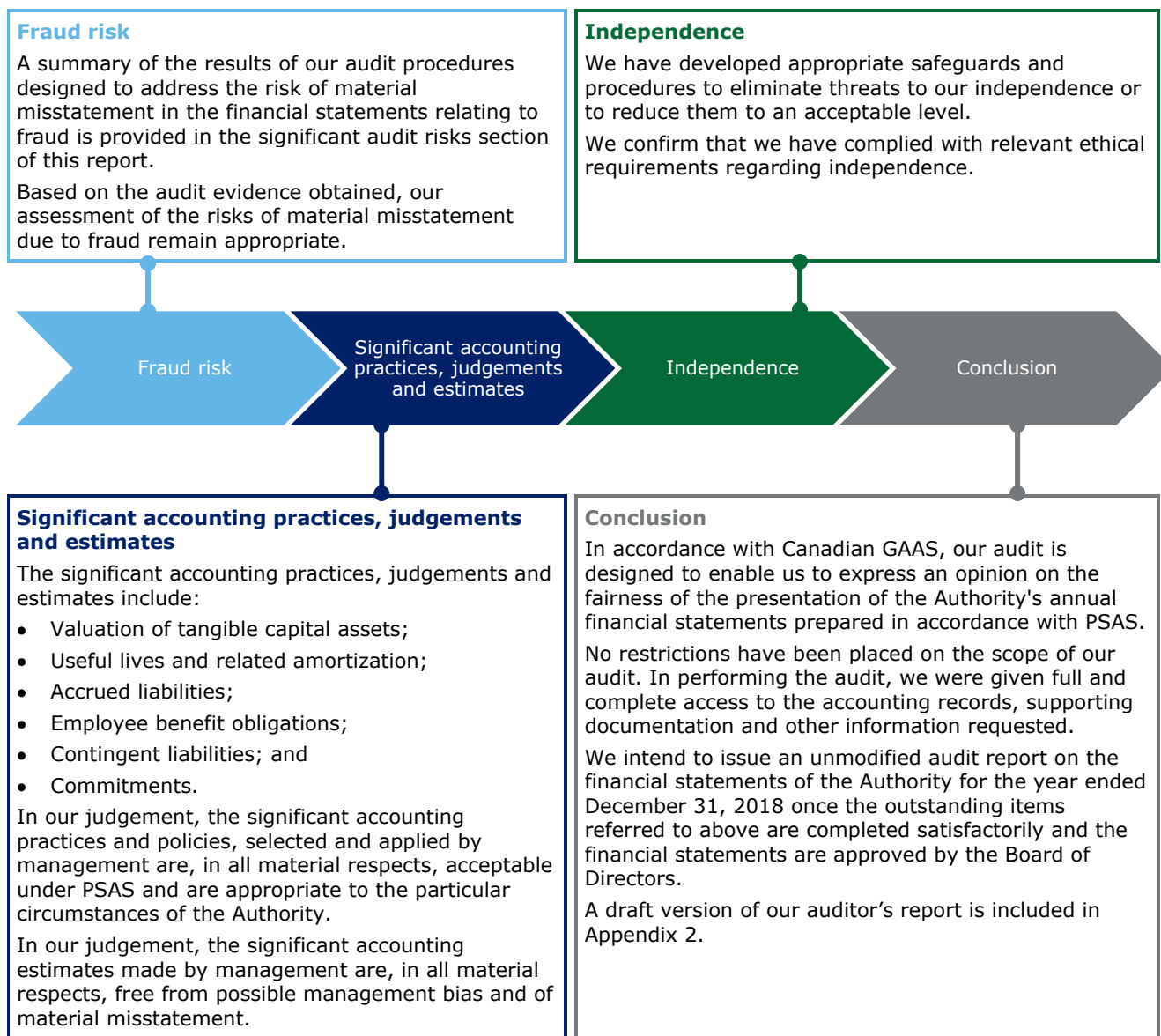
We have informed the Audit Committee of all uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgement, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.

## Audit fees

Fees for the 2018 are as follows:

\$84,000 (2017, \$82,000) for the audit, plus \$12,000 for the adoption of new accounting standards. These fees are subject to a 7% administration fee and GST.





# Significant audit risks

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

## Management override of controls

### Audit risk

Under Canadian Auditing Standards, it is the responsibility of management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection.

Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.

Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.

This represents a fraud risk for the 2018 audit.

### Our audit response

- We discussed fraud with management.
- We asked the Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Authority and their role in the oversight of management's antifraud programs.
- We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.
- We evaluated the business rationale for any significant unusual transactions.
- We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.

### Audit results

We obtained sufficient audit evidence to conclude that there were no material misstatements.

## Revenue recognition

### Audit risk

Assurance standards include the presumption of a significant risk of fraud in revenue recognition.

We have pinpointed this risk to revenue relating to the ParkPlus System™ ("ParkPlus") and Parking Control revenue, which may be understated or inaccurately recorded. Parking Control revenue could also be misclassified on the financial statements.

### Our audit response

- We made enquiries of management regarding relevant internal controls to assist them in ensuring the accuracy and completeness of these revenue streams and the classification of Parking Control revenue.
- We evaluated the design and implementation of those internal controls including testing of the reconciliations between ParkPlus, Beanstream and Peoplesoft.
- We performed substantive audit procedures on these revenue streams.

### Audit results

We obtained sufficient audit evidence to conclude that there were no material misstatements.

## Valuation of long-term investments (relating to the Parking Structure Replacement Reserve and Cash-in-Lieu Deposits)

### Risk identified

The fair value of long-term investments is based on inputs other than quoted market prices, and therefore, may include a number of valuation techniques.

### Our audit response

- As these investments are held through The City of Calgary ("The City") Treasury department, we held discussions with The City personnel and performed procedures to assess the reasonableness and appropriateness of the fair value of long-term investments, including the valuation techniques and inputs used.

### Audit results

We obtained sufficient audit evidence to conclude that there were no material misstatements.

## New Accounting Standards

### Risk identified

The following accounting standards are required to be adopted for the year ending December 31, 2018:

- Section PS 2200, *Related Party Disclosures*
- Section PS 3210, *Assets*
- Section PS 3320, *Contingent Assets*
- Section PS 3380, *Contractual Rights*
- Section PS 3420, *Inter-entity Transactions*

There is a risk that the application of these standards is not consistent or compliant with the guidance provided within the standards.

### Our audit response

- We reviewed the Authority's methodology and process for application and adoption of each standard, which included a review of position papers prepared by management.
- We audited a sample of the accounting transactions recorded under these standards, including testing of internal controls, if applicable.
- We also reviewed the disclosure in the year-end financial statements to ensure compliance with the applicable accounting standards.

### Audit results

We obtained sufficient audit evidence to conclude that there were no material misstatements with respect to the adoption of the new accounting standards



# Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Audit Committee as part of the audit plan.

|   | Comment  |
|---|--|
| <b>Changes to the audit plan</b>                                    | The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.  |
| <b>Significant difficulties encountered in performing the audit</b> | During the course of our audit, we did not encounter any significant difficulties in dealing with management related to the performance of the audit.  |
| <b>Concerns regarding management competence and integrity</b>       | We do not have any concerns regarding management's competency and integrity.   |
| <b>Related party transactions</b>                                   | We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgements made by management concerning measurement or disclosure.   |
| <b>Disagreements with management</b>                                | During the current audit, we did not have any disagreements with management.   |
| <b>Consultation with other accountants</b>                          | Management has informed us that the Authority has not consulted with other accountants about auditing or accounting matters.   |
| <b>Legal and regulatory compliance</b>                              | <p>Management is responsible for ensuring that the Authority's operations are conducted in accordance with the laws and regulations applicable to the Authority in the jurisdictions in which it operates. The responsibility for preventing and detecting non-compliance rests with management.</p> <p>The auditor is not and cannot be held responsible for preventing non-compliance with laws and regulations.</p> <p>Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Authority.</p> |
| <b>Post-statement of financial position events</b>                  | At the date of finalizing this report, we are not aware of any significant post-statement of financial position events.  |

# Appendix 1 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit.

| Required communication  | Refer to this report or document described below   |
|---|--|
| <b>Audit Service Plan</b>   |  |
| 1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements  | Master services agreement  |
| 2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the audit procedures related to significant risks</li> </ul> | Audit plan communicated on December 14, 2018.  |
| 3. Significant transactions outside of the normal course of business, including related party transactions  | Nothing to report.   |
| <b>Year End Communication</b>   |  |
| 4. Fraud or possible fraud identified through the audit process   | We are not aware of any fraudulent events.   |
| 5. Significant accounting policies, practices, unusual transactions, and our related conclusions  | Significant accounting practices, judgements and estimates.  |
| 6. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period  | Significant accounting practices, judgements and estimates.  |
| 7. Matters related to going concern   | We concluded that there was no substantial doubt about the Authority's ability to continue as a going concern. |
| 8. Management judgements and accounting estimates   | Significant Accounting practices, judgements and estimates.  |
| 9. Significant difficulties, if any, encountered during the audit   | No significant difficulties to report.   |
| 10. Material written communications between management and us, including management representation letters  | Management representation letter.  |
| 11. Other matters that are significant to the oversight of the financial reporting process  | No other matters to report.  |
| 12. Modifications to our opinion(s)   | We will issue an unmodified opinion.   |
| 13. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns  | Nothing to report.   |

| Required communication   | Refer to this report or document described below   |
|--|--|
| 14. Significant matters discussed with management  | Nothing to report.   |
| 15. Illegal or possibly illegal acts that come to our attention  | We are not aware of any illegal acts.  |
| 16. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements | No deficiencies to report.   |
| 17. Uncorrected misstatements and disclosure items   | <p>In accordance with Canadian GAAS, we request that all misstatements be corrected.</p> <p>No uncorrected misstatements and uncorrected disclosure to report.</p> |

# Appendix 2 – Draft version of our auditor’s report

Our report on the financial statements is expected to be in the following form. However, the final form may need to be adjusted to reflect the final results of our audit.

## Independent Auditor’s Report

To the Members of the Audit Committee and the Calgary Parking Committee of  
Calgary Parking Authority

### Opinion

We have audited the financial statements of Calgary Parking Authority (“the Authority”), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, remeasurement gains and losses, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2018, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (“PSAS”).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority’s financial reporting process.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(To be signed Deloitte LLP)

Chartered Professional Accountants

April 12, 2019

# Appendix 3 – Letter of recommendations and business insights



Deloitte LLP  
700, 850 2 Street SW  
Calgary, AB T2P 0R8  
Canada

Tel: 403-267-1700  
Fax: 403-213-5791  
[www.deloitte.ca](http://www.deloitte.ca)

March 26, 2019

The Audit Committee of  
Calgary Parking Authority

Dear Audit Committee members:

We have recently completed our audit of the financial statements of Calgary Parking Authority ("the Authority") for the year ended December 31, 2018.

Our audit was designed to provide a cost-effective basis for formulating an opinion on your financial statements. As part of our examination, we reviewed and evaluated relevant aspects of the systems of internal controls and the accounting systems to the extent we considered necessary to make an evaluation of such systems and procedures in accordance with Canadian GAAS.

While the audit did not include an in-depth evaluation of all controls and should not be relied upon to identify all significant internal control deficiencies, or all errors, irregularities or inefficiencies that might occur, we undertake to report such matters to you when they come to our attention. We did not identify any matters to be reported to the Audit Committee during fiscal 2018. We have, however, provided an update to the one matter that was outstanding from prior year. Our update relating to this matter is attached.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP".

Chartered Professional Accountants

# Update to December 31, 2015 recommendations

## 1. Onboarding of new personnel

### Observation:

During fiscal 2015, the Authority has hired a significant number of employees (approximately 146); with a large proportion relating to the Commissionaires office that were previously contract employees.

### Implication:

As a comprehensive approach to hiring new employees should go beyond the regular orientation process, the significant increase in headcount may require the Authority's management to assess the impact from a number of perspectives.

### Recommendation:

We would recommend that the Authority's management give consideration to the following:

1. Understanding by the new employees of the corporate culture and of the code of conduct;
2. Understanding of internal control processes and the Authority's policies (for example travel or employee expenses reports);
3. Understanding/providing adequate training of additional staff to ensure they are aware of and understand their work and expectations from Supervisors/management;
4. Ensuring that the support services (including Payroll, HR, IT and Administrative) have the resource levels to manage additional staff;
5. Consideration of whether existing internal control processes remain fit for the intended purpose given the significant increase in personnel in the year; and
6. Ensuring roles and responsibilities are clearly defined and organizational structure is appropriate to appropriately manage the increased scale of the departments impacted.

### Management's Response:

**Management concurs with all the recommendations and on several points, processes have already been implemented.**

1. Corporate culture and code of conduct: All new employees are required to review the CPA Code of Conduct and submit an acknowledgement form to Human Resources that indicates they have read and understood the related policies.
2. Understanding of internal control processes and policies (i.e. travel & employee expense reports). This is the responsibility of the Supervisors to provide information and training to their employees. For example, how to obtain bus passes. There is no formal process but the Payroll Coordinator is available for all new staff that has queries. Most of the new hires (Enforcement) won't have these types of expenses so formal training would not be a good use of resources.
3. Understanding work expectations/providing adequate training. Utilization of a revised performance management system whereby corporate, departmental, and individual goals and objectives are communication to new staff by their supervisors. This sets out clear expectations and desired outcomes.

4. Resource levels. With the huge incremental increase to number of FTEs, Financial Services will discuss with the GM to advance the growth position earlier from 2017 to mid-way 2016 to provide support for payroll and create depth in Financial Services. Additional resources may be required in Human Resources, Information Technology and other support departments – this will be assessed in 2016.
5. Internal controls. We will review all internal controls relating to new personnel and see if any adjusted or new ones need to be added. For example, submission of proper hours worked (does Supervisors need formal training?). CPA Payroll Coordinator will be implementing a new spreadsheet whereby information is taken from PeopleSoft Master List of employees and populating a spreadsheet for tracking month-by-month basis. We recognize review of the payroll register will be difficult due to the number of new employees and this tracking will assist in ensuring the accuracy of the review. Timesheet tracking on absences for Exempt employees will require a Leave of Absence form, in light of the revised Sickness & Accident Policy (90% paid for 119 days) so that employees are paid correctly. The spreadsheet of time submission with hard-coded employees has the control whereby review by the Payroll Coordinator determines if an employee does not have any time submitted for that week. Just a comment – these are all examples of payroll-specific internal controls. Management agrees with Deloitte's comment that controls across all employee-related functions need to be reviewed.
6. Roles and responsibilities and organization structure. As part of the transition of contracted services to in-house employees, a review was conducted of all new positions being added. A joint job evaluation process was developed for unionized positions, which ensured all new union positions were effectively described. In 2016, a comprehensive Exempt position review will be completed to ensure all exempt positions are reviewed, appropriately described and assigned a salary level.

The Enforcement group has been split into two Departments (Enforcement and Enforcement Support) with the appropriate leadership to manage the increased volume of staff. Budgets and coding are currently being adjusted at source to accommodate analysis of variances and control of expenditures.

**Auditor's Update (based on October 2016 audit procedures):**

Based on our audit procedures performed during our interim fieldwork, we note the following:

1. New employees are required to sign an Acknowledgement Form of the Codes of Conduct (and related policies). We randomly selected 15 new hires and requested the signed Acknowledgement Form. Of the 15 new hires selected, we noted only 4 new hires had signed the Acknowledgement Form and returned the completed Form to human resources.
2. There is no formal process for employees to understand internal control processes and the Authority's policies; however, the Payroll Coordinator is available for all new staff who may have questions. We discussed this with the Payroll Coordinator, and based on this discussion, we understand that employees frequently call or email the Payroll Coordinator with questions on the Authority's policies.
3. The Authority implemented a revised performance management system in FY 2016 ("2016 Performance and Learning Plan"). This revised performance management system more clearly outlines the expectations of the employees.
4. The Authority has assessed the resource levels for the various support staff. This was completed by the Manager of each Department with Human Resources and the General Manager. We noted that a part time employee was hired in Payroll as well as Procurement.



5. The Authority has assessed the existing employee-related internal controls given the significant increase in personnel in fiscal 2015. Two new controls have been implemented in fiscal 2016:
  - a. A Pay Register Summary is being prepared on a monthly basis by the Payroll Coordinator. This summary compares each employee's pay for the current month with the previous months (all previous months of the fiscal year). Any significant variances are investigated.
  - b. A formal Leave Absence Form is required for all employees for the following types of leaves: vacation, sick days, extended leave, union leave, in lieu time, maternity leave, etc. The form is required to be submitted to Payroll and signed off by the employee as well as the employee's supervisor.
6. The Authority has performed the following regarding an assessment of employee roles and responsibilities:
  - a. Comprehensive Exempt Position Review – The Authority performed job re-structuring in fiscal 2016 which involved the review of the existing roles in various departments and determining if these roles were in the correct departments. A job evaluation is required by all exempt employees by November 1, 2016. Human Resources is expected to review the job evaluations and determine potential changes in roles in Q2 2017. As a final step, the salaries of all exempt employees will be assessed in Q2 2017.
  - b. Enforcement Department – Effective fiscal 2016, the Enforcement department is split into two Departments: Enforcement and Enforcement Support.

Parts 2, 3, 4, 5, and 6b and 6a of the recommendation were satisfactorily addressed in prior years. Part 1 was satisfactorily addressed during fiscal 2018. Please refer to 2018 update below.

**Auditor's Update (based on 2017 year-end audit procedures):**

1. New employees are required to sign an Acknowledgement Form of the Codes of Conduct (and related policies). We randomly selected 25 new hires during our 2017 year end procedures and requested the signed Acknowledgement Form. Of the 25 new hires selected, we noted only 14 new hires had signed the Acknowledgement Form and returned the completed form to human resources. However, starting in 2018 all employees will be required to complete two e-learning modules, which include a focus on the codes of conduct. Human resources will have the ability to track completion and follow up with the employees who have not completed the course.

**This part of the recommendation is still in progress and an update will be provided in fiscal year 2018.**

**Auditor's Update (based on 2018 year-end audit procedures):**

Based on audit procedures performed during 2018, we noted no issues with regards to the Codes of Conduct sign offs. This recommendation has been satisfactorily addressed.

# Appendix 4 – Draft independence

April 12, 2019

The Audit Committee  
Calgary Parking Authority

Dear Audit Committee members:

We have been engaged to audit the financial statements of Calgary Parking Authority (“the Authority”) for the year ended December 31, 2018.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Authority, our Firm and network firms that, in our professional judgement, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client.
- b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d) Economic dependence on a client.
- e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since March 27, 2018, the date of our last letter.

We are not aware of any relationships between the Deloitte Entities and the Authority and its affiliates, or persons in financial reporting oversight roles at the Authority and its affiliates, that, in our professional judgement, may reasonably be thought to bear on independence, that have occurred from March 28, 2018 to April 12, 2019.

The total fees charged to the Authority for audit services were \$89,880 (2017, \$87,740) for the audit \$12,840 (2017, \$nil) for the adoption of new accounting standards during the period covered by the financial statements. These fees include the 7% administrative fee and exclude GST.

We hereby confirm that we are independent with respect to the Authority in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta as of April 12, 2019.

This letter is intended solely for the information and use of the Audit Committee, the Calgary Parking Committee, management and others within the Authority and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

# Appendix 5 – Draft management representation letter

## [Organization letterhead]

April 12, 2019

Deloitte LLP  
700, 850 – 2 Street SW  
Calgary, AB T2P 0R8

Dear Sirs:

**Subject:** Financial statements of Calgary Parking Authority prepared for the year ended December 31, 2018

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the financial statements of Calgary Parking Authority (the “Organization” or “we” or “us”) for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Organization in accordance with Public Sector Accounting Standards (“PSAS”).

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Organization and Deloitte dated December 14, 2018 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Organization as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgements and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Organization has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2018 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. The Organization has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
4. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
5. We have completed our review of events after December 31, 2018 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
6. The Financial Statements are free of material errors and omissions.

#### **Internal Controls**

7. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

#### **Information provided**

9. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
  - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
11. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.

12. We have no knowledge of any information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others where the fraud could have a material effect on the Financial Statements.
13. We have no knowledge of any information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Organization.
14. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies with financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.
16. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

### **Independence matters**

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

17. Prior to the Organization having any substantive employment conversations with a former or current Deloitte engagement team member, the Organization has held discussions with Deloitte and obtained approval from the Audit Committee.
18. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

### **Other matters**

19. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
20. We have disclosed to you, and the Organization has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

### **Liabilities for contaminated sites**

21. We have evaluated all of our tangible capital assets that we have direct responsibility for or accept responsibility for, and have not identified any sites in which contamination exceeds an environmental standard.

### **Adoption of new or amended accounting standards**

22. The Organization has adopted CPA Canada Public Sector Accounting Handbook Sections 2200, 3210, 3320, 3380 and 3420, *Related Party Disclosures, Assets, Contingent Assets, Contractual Rights, and Inter-entity Transactions* respectively, as of December 31, 2018 as discussed in Note 1(m).

### **Employee future benefits**

23. Employee future benefit costs, assets, and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances. Actuarial gains/losses have been amortized to the liability/asset and the related expense in a systematic and rational manner over the expected average remaining service life of the related employee group.

We have correctly accounted for the multi-employer plan in which we are a participating government or government organization, as a defined contribution plan.

### **Tangible capital assets**

24. Tangible capital assets have been recorded properly and consistently according to the standards in CPA Canada Public Sector Accounting Handbook Section PS 3150, Tangible Capital Assets.
25. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets to have a long-term service potential to the organization and therefore do not require a write down. We have identified that asset ParkOnline System, Tannery Creek cameras, and CALE Pay Machines, which no longer has service potential, have been written down to their residual amount.

### **City of Calgary Capital Asset Policy**

26. The Authority was aware of the City of Calgary's change in Capital Asset Policy for Vehicles for the year ended December 31, 2018. Management has reviewed and understands the policy. This policy has no impact on the December 31, 2018 year end financial statements.

### **Contracts**

27. The Organization has disclosed all agreements it has entered into that would impact the December 31, 2018 financial statements.

### **Communicating a threshold**

28. We understand that the threshold used for accumulating misstatements identified during the year was \$125,000 for purposes of Appendix A. Misstatements below this amount have been considered clearly trivial.

### **Financial Instruments**

29. The Organization has properly classified all financial instruments in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3450, *Financial Instruments* ("Section PS 3450"). Specifically, all financial instruments are classified as fair value, cost or amortized cost. In addition, there have been no reclassifications of instruments into or out of the fair value classification after the adoption of Section PS 3450 or, after the instrument was first recognized subsequent to the adoption of Section PS 3450, unless explicitly permitted by Section PS 3450.
30. The Organization has properly identified all financial contracts that meet the definition of a derivative in Section PS 3450. The Organization has also properly identified all embedded derivatives included in other non-derivative contracts and determined whether these embedded derivatives need to be separately accounted for as described in Section PS 3450.

The fair values of all derivatives have been determined based on quoted prices in an active market or by using financial models that we believe are the most appropriate models for valuing such instruments and that incorporate market data and other assumptions that we have determined to be reasonable and appropriate at December 31, 2018.

31. For all derivatives and any other financial instruments measured at fair value at December 31, 2018, fair value has been estimated using quoted market prices if the instrument trades in an active market, as set out in Section PS 3450.

Where the instrument is not traded in an active market, the Organization has used valuation techniques that it believes are most appropriate for valuing such instruments. We believe our valuation techniques make maximum use of observable inputs.

32. The Organization has identified and disclosed in the notes to the Financial Statements all significant assumptions used in determining fair value and have included the appropriate disclosures relating to the fair value level of all financial instruments carried at fair value. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:
  - a. The other than temporary impairment of financial assets; and
  - b. Provisions for loans receivable.
33. Changes in fair value of financial instruments in the fair value category have been properly recorded in the statement of remeasurement gains and losses as a remeasurement gain or loss until the financial instrument is derecognized.
34. The Organization has identified and disclosed all details of any defaults of principal, interest sinking fund or redemption terms related to loans payable, including the carrying amount of such loans and whether the default was remedied or renegotiated before the date the financial statements were completed.

Yours truly,  
Calgary Parking Authority

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Glen Furtado, General Manager

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Jared Foulds, Controller



## **Appendix A**

### **Calgary Parking Authority**

**Summary of uncorrected financial statement misstatements and disclosure deficiencies**  
**Year ended December 31, 2018**

No uncorrected errors or disclosure deficiencies identified.