

## **EXTERNAL AUDITOR'S INDEPENDENCE LETTER FOR THE 2016 AUDIT**

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### **EXECUTIVE SUMMARY**

This report provides the Audit Committee with the External Auditor's independence letter for the 2016 audit of the consolidated financial statements.

### **RECOMMENDATIONS:**

The Audit Committee:

1. Receives this Report and Attachment for information; and
2. Recommends that Council receives this Report and Attachment for information.

### **RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2017 JUNE 22:**

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That Council receive this Report and Attachment for information.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

Regarding the External Auditor, The Audit Committee Bylaw 48M2012, Schedule B states:

“(1) That the Audit Committee:

- (c) requires the External Auditor, as an expert in accounting and financial reporting, to express independent judgment about the appropriateness and acceptability of The City's financial statements, in accordance with professional standards;” and

“(e) in conjunction with Administration's presentation of the annual financial statements, receive and review the External Auditor's annual audit report. This report is to be forwarded to Council for information.”

The External Auditor provides an Independence Letter to the Audit Committee following the conclusion of their audit of the financial statements. A draft version of the independence letter was provided in Appendix 4 of the Attachment to AC2017-0348, 2016 External Auditor's Year-End Report, at the 2017 April 20 Audit Committee Meeting and was adopted by Council at their 2017 April 24 Regular Meeting.

### **BACKGROUND**

In accordance with the approved External Auditor's Audit Plan, Deloitte LLP has completed their independent audit of the financial statements of The City of Calgary for the year ended 2016 December 31. At their 2017 April 24 Regular Meeting, Council adopted the recommendation contained in Report AC2017-0304 to approve the 2016 City of Calgary Annual Report.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Deloitte LLP is required to confirm their compliance with relevant ethical requirements regarding their independence, as well as all relationships and other matters between The City and Deloitte that, in their professional judgement, may reasonably be thought to bear on their independence. Deloitte is also required to communicate the related safeguards that have been applied to

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City Clerk's: M. Cario

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eliminate identified threats to independence or reduce them to an acceptable level. The External Auditor confirmed their independence pursuant to the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta as of 2017 April 24 (Attachment).

**Stakeholder Engagement, Research and Communication**

The External Auditor, Deloitte LLP, conducted an independent audit of the City of Calgary's 2016 annual financial statements.

**Strategic Alignment**

Council Priority: A well-run city. Calgary's government is open, responsive, accountable and transparent, delivering excellent services at a fair price. We work with our government partners to ensure we have the tools we need.

**Social, Environmental, Economic (External)**

Not applicable.

**Financial Capacity**

**Current and Future Operating Budget:**

There are no budget implications for this Report. The Audit Committee budget contains a line item for external auditor fees.

**Current and Future Capital Budget:**

There are no capital budget implications for this Report.

**Risk Assessment**

Not applicable.

**REASON FOR RECOMMENDATION:**

This report updates the Audit Committee on the External Auditor's independence.

**ATTACHMENT**

Deloitte LLP Annual Independence Letter dated 2017 April 24