

## **EXTERNAL AUDITOR 2016 MANAGEMENT LETTER**

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### **EXECUTIVE SUMMARY**

Presentation of the annual Management Letter received from Deloitte LLP, The City's External Auditor for 2016, relating to the audit of The City's 2016 consolidated financial statements.

### **RECOMMENDATIONS**

That the Audit Committee:

1. Requests the External Auditor to provide their annual report regarding the implementation status of the recommendations contained in the 2016 Management Letter at the 2018 January Audit Committee meeting;
2. Recommends that Council receives this Report for information; and
3. Directs that Attachment 2 and the In Camera discussions remain confidential pursuant to Sections 25(1)(b) and (c) of the *Freedom of Information and Protection of Privacy Act*.

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

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That Council:

1. Receive this Report for information; and
2. Keep Attachment 2 and the In Camera discussions confidential pursuant to Sections 25(1)(b) and (c) of the *Freedom of Information and Protection of Privacy Act*.

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

The Audit Committee Bylaw 48M2012 states that the Audit Committee:

"receives and reviews the External Auditor's Management Letter(s), together with any Administration responses, and forward, either in full or in summary, to Council for information."

Schedule B, section 1(f)

### **BACKGROUND**

The City's External Auditor, Deloitte LLP, has prepared their annual Management Letter to The City's Administration regarding identified matters that may be of interest to Administration as well as an update on matters identified during prior year end audits.

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

Administration has reviewed and responded to each recommendation in the External Auditor's Management Letter and have also provided updates with respect to previous year's findings and recommendations as applicable.

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Audit Committee should consider ensuring that the recommendations made by the External Auditor are implemented after an appropriate interval of time, by directing that the External Auditor prepare a follow-up report for the Audit Committee's 2018 January meeting.

### **Stakeholder Engagement, Research and Communication**

Administration has been asked to review and respond to the recommendations in the External Auditor's 2016 Management Letter. Administration and the External Auditor have discussed the observations, recommendations and responses.

### **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 is a line item in the Audit Committee budget for external auditing services. There are no Operating Budget implications for this report.

#### **Current and Future Capital Budget:**

There are no Capital Budget implications for this report.

### **Risk Assessment**

Recommendations made by the external auditor at the conclusion of the audit of the 2016 City of Calgary financial statements are followed up in 2018 January to provide a report on the status of Administration's implementation of the management letter points.

### **REASON FOR RECOMMENDATION:**

This report is for information only and is provided pursuant to Schedule B, section 1(f) of the Audit Committee Bylaw 48M2012.

## **ATTACHMENTS**

1. Deloitte LLP 2016 Management Letter
2. Appendix C - Legal Liability – 2016 Year End Update (Confidential)