

**Audit Resource Management Report to
Audit Committee
2020 July 23**

**ISC: UNRESTRICTED
AC2020-0733**

External Auditor 2020 Audit Service Plan and Fees

EXECUTIVE SUMMARY

This report seeks the Audit Committee's approval with respect to External Auditor, Deloitte LLP's proposed 2020 Audit Service Plan and Fees for the audit of the consolidated financial statements of The City of Calgary.

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Reviews and approves the Deloitte 2020 Audit Service Plan (Attachment); and
2. Recommends that Council receive this Report and the Attachment for the Corporate Record.

RECOMMENDATION OF THE AUDIT COMMITTEE, 2020 JULY 23:

That Council receive this Report and the Attachment for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

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

Schedule B, Regarding the External Auditor

"1(b) pre-approves all audit and non-audit services performed by the External Auditor. However, the Audit Committee Chair can pre-approve additional audit or non-audit services, performed by the External Auditor, up to \$25,000 total annually. Any approvals by the Chair will be reported to the Audit Committee as part of the Audit Committee Annual Status Report."

"1(d) prior to the commencement of the annual external financial audit, review the financial audit plan with *the External Auditor*."

BACKGROUND

Prior to beginning the annual audit, the External Auditor submits an Audit Service Plan to the Audit Committee for approval. Deloitte LLP, The City's external auditor for the 2020 fiscal year, has prepared an Audit Service Plan and the estimated fees for Audit Committee to review (Attachment).

The Audit Service Plan includes an overview of the audit scope and approach, related parties and other audits, planned communications, audit engagement team, key considerations affecting the 2020 Audit and an estimate of the fees. The audit is designed to enable Deloitte to express an opinion on the 2020 December 31 consolidated financial statements of the City of Calgary.

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Certain areas of the 2020 audit will be directly impacted due to Covid-19 and are identified in the Service Plan; however, the full impact of Covid-19 on the operations and financial results of The City cannot be determined as of 2020 July 23 and the list will continue to evolve. Once the full extent of Covid-10 on the 2020 Audit is determined a fee estimate for additional time will be provided.

The Audit Service Plan indicates an audit completion date of 2021 April, including a meeting with Audit Committee and the issuance of the management letter in 2021 June. This will enable the City to meet the 2021 May 01 Municipal Government Act deadline with the Province of Alberta, for filing its audited annual financial statements.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Not applicable

Stakeholder Engagement, Research and Communication

Not applicable.

Strategic Alignment

Council Priority: A Well-Run City. Calgary has a modern and efficient municipal government that is focused on resilience and continuous improvement to make life better every day for Calgarians by learning from citizens, partners, and others.

Social, Environmental, Economic (External)

Not applicable

Financial Capacity

Current and Future Operating Budget:

The Audit Committee budget contains a line item with respect to External Auditor services.

Current and Future Capital Budget:

There are no capital budget implications for this report.

Risk Assessment

Not applicable

REASON(S) FOR RECOMMENDATION(S):

Audit Committee Bylaw 48M2012 requires the Audit Committee to review the External Auditor's Audit Service Plan and forward it to Council prior to commencement of their audit.

ATTACHMENT(S)

1. Deloitte – The City of Calgary 2020 Audit Service Plan