

2016 EXTERNAL AUDITOR'S YEAR-END REPORT

EXECUTIVE SUMMARY

This is the External Auditor's annual year-end report to Audit Committee on the 2016 independent external audit of the consolidated financial statements of The City of Calgary.

RECOMMENDATIONS:

That the Audit Committee:

1. Conduct an In Camera discussion with the External Auditor and keep that discussion confidential pursuant to Sections 24(1)(a), 24(1)(h) and 25 of the *Freedom of Information and Protection of Privacy Act*;
2. Receive this Report and Attachment for information and consider them in conjunction with Report AC2017-0304, 2016 City of Calgary Annual Report;
3. Direct that this Report and Attachment be forwarded to the 2017 April 24 Regular Meeting of Council as an item of Urgent Business;
4. Recommends that Council receives Report AC2017-0348, 2016 External Auditor's Year-End Report, and the Attachment, for information; and
5. Keep the In Camera discussions with the External Auditor confidential pursuant to Sections 24(1)(a), 24(1)(h) and 25 of the *Freedom of Information and Protection of Privacy Act*.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2017 APRIL 20:

That Council receive Report AC2017-0348, 2016 External Auditor's Year-End Report, and the Attachment, for information.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee approved Report AC2016-0576, External Auditor 2015 Audit Service Plan and Fees Report at their 2016 July 21 Meeting. Council received the Report and Service Plan for information at their 2016 September 12 Meeting.

At their 2017 January 10 Meeting, the Audit Committee approved In Camera Report AC2017-0071, External Auditor 2016 Service Plan Update. Council received the Report and Attachment for information at their 2017 February 13 Meeting.

The External Auditor's 2016 Year-End Audit Report, The City of Calgary, Report to the Audit Committee on the 2016 audit (Attachment), is the result of carrying out the 2016 Audit Service Plan as updated by Report AC2017-0071.

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

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"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."

Schedule "B", section 1(e)

BACKGROUND

In accordance with the approved 2016 External Auditor's Service Plan, Deloitte LLP has completed their independent audit of the financial statements of The City of Calgary for the year ended 2016 December 31.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

This is an independent audit of the consolidated financial statements of The City of Calgary for the year ended 2016 December 31.

This Report should be forwarded as an Item of Urgent Business to Council at their 2017 April 24 Meeting. This will enable The City to meet the requirements of Section 276(3) of the *Municipal Government Act*, with respect to the deadline of May 1st for making the financial statements and auditor's report of the financial statements available to the public.

Stakeholder Engagement, Research and Communication

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

Strategic Alignment

Not applicable.

Social, Environmental, Economic (External)

Not applicable.

Financial Capacity

Current and Future Operating Budget:

There is a line item in the Audit Committee budget for the service fees for the External Auditor.

Current and Future Capital Budget:

There are no capital budget implications for this Report.

Risk Assessment

Should Council not receive the 2016 External Auditor's Year-End Report at their 2017 April 24 Meeting there is a risk of missing the May 1st deadline established by Section 276(3) of the *Municipal Government Act* to provide the financial statements to the public.

REASON FOR RECOMMENDATION:

The External Auditor's 2016 Year-End Report is to be received and reviewed by Audit Committee, in conjunction with Administration's presentation of the annual financial statements (2016 City of Calgary Annual Report, AC2017-0304). This Report and Attachment is to be

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forwarded to Council as an item of Urgent Business for information.

ATTACHMENT

Deloitte, 2016 Year-end Audit Report, The City of Calgary,
Report to the Audit Committee on the 2016 audit