

## **EXTERNAL AUDITOR 2015 MANAGEMENT LETTER UPDATE**

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### **EXECUTIVE SUMMARY**

This is an update on identified matters that may be of interest to Administration on the 2015 Audit of the City of Calgary financials. These identified matters were not significant or material in nature.

### **RECOMMENDATIONS:**

That the Audit Committee:

1. Receives this Report and attachments for Information;
2. Recommends that Council receive this Report and attachments for Information; and
3. Directs that Attachment 2 to this Report and the In-Camera discussion remain confidential pursuant to Sections 24(1)(a), 25(1)(b) and (c) of the *Freedom of Information and Protection of Privacy Act*.

### **RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2017 JANUARY 19:**

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That the Administration Recommendations contained in Report AC2017-0040 be approved.

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

The Audit Committee Bylaw 48M2012 states that the Audit Committee, with respect to the External Auditor:

“Receives and reviews the External Auditor’s Management Letter(s), together with any Administration response, and forward, either in full or in summary, to Council for information.”

Schedule “B”, section 1(f)

Council received for information the External Auditor’s 2015 Management Letter for the 2015 Audit at the 2016 July 04 Combined Meeting of Council.

### **BACKGROUND**

The External Auditor, Deloitte LLP, presented their External Auditor 2015 Management Letter, AC2016-0499, at the 2016 June 16 Regular Meeting of the Audit Committee. Audit Committee approved the following:

- “1. Request that the External Auditor provide their annual report regarding the implementation status of the recommendations in its 2015 Management Letter at the 2017 January Audit Committee Meeting.
2. Recommends that Council receive this Report for information; and

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3. Directs that Attachment 2 and discussions regarding Attachment 2 remain confidential pursuant to Sections 25(1)(b) and (c) of the *Freedom of Information and Protection of Privacy Act*.”

This report is the update to the 2015 Management Letter as requested in Report AC2016-0499.

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

Deloitte’s assessment of Administration’s actions, the original findings, recommendations and Administration’s comments, are outlined in the attached letter dated 2017 January 10 from Deloitte.

Audit Committee should consider all recommendations made by the External Auditor and the responses from Administration to see if the recommendations have been appropriately implemented or responded to.

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

The letter is addressed to The City’s Chief Financial Officer.

### **Strategic Alignment**

This report and recommendations align with 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.

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

There are no budget implications for this Report.

### **Risk Assessment**

There are potential non-material risks to the City of Calgary if the Deloitte recommendations are not appropriately implemented or responded to by Administration.

### **REASON FOR RECOMMENDATION:**

The Audit Committee Bylaw 48M2012 requires the Audit Committee to receive and review the External Auditor’s Management Reports and to forward to Council for information.

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**ATTACHMENTS**

1. Deloitte LLP 2015 Management Letter Update
2. Deloitte LLP 2015 Management Letter Update - Confidential