

Calgary Police Service

Report to the Finance and Audit Committee on the 2020 audit

May 12, 2021

May 5, 2021

The Finance and Audit Committee of the Calgary Police Commission

Report on audited annual financial statements

Dear Finance and Audit Committee members:

We are pleased to submit this report on the status of our audit of Calgary Police Service (the "Service") for the 2020 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you. We are continuing to work with management to complete the outstanding matters summarized on page 1 of this report.

As agreed in our confirmation of changes letter dated December 1, 2020, we have performed an audit of the financial statements of Calgary Police Service as of and for the year ended December 31, 2020, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our audit report thereon dated May 25, 2021.

Our audit has been conducted in accordance with the audit plan that was presented to the Finance and Audit Committee at the meeting on December 1, 2020.

This report is intended solely for the information and use of the Finance and Audit Committee, management and others within the Service and is not intended to be, and should not be, used by anyone other than these specified parties.

We, at Deloitte, work as one team to provide you with relevant business insights to assist you improving your current practices.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants

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Executive summary



Audit scope and terms of engagement

We have been asked to perform an audit of the Service's financial statements (the "financial statements") in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ended December 31, 2020. Our audit was conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the confirmation of changes letter. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.



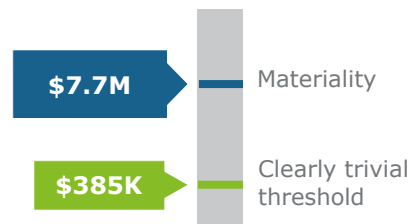
Significant risks

- 1 Management override of controls
- 2 Revenue recognition
- ... Continued from prior year

Status



Materiality



Materiality levels are determined on the basis of total expenses. Our materiality for the year ended December 31, 2020 was \$7,700,000 (2019, \$7,700,000).



Outstanding Matters & Next Steps

Receipt of signed management representation letter

Receipt of subsequent events update

Completion of minor documentation items

Receipt of legal confirmation



Audit fees

Audit fees	2020	2019
Audit	\$50,500	\$50,000
Audit procedures applied to the adoption of the new accounting standard	-	\$600
Additional audit procedures due to the impact of COVID-19	-	-
Total fees	\$50,500	\$50,600



Going Concern

Management has completed its assessment of the ability of the Service to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Service's ability to continue as a going concern. We agree with management's assessment.



Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of the Service for the year ended December 31, 2020 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Finance and Audit Committee.

Significant audit risks, significant events and areas of focus

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

Significant risk dashboard

Legend



Significant level of management judgment involved



Minimal/No management judgment involved

D+I: Planned testing of the design and implementation of key controls


OE: Planned testing of the operating effectiveness of key controls

Significant risks

Management override of controls

Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Not applicable.
Analysis of risk		Audit response and results	
<ul style="list-style-type: none"> Under Canadian Auditing Standards, it is the responsibility of management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process. Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk. 		<ul style="list-style-type: none"> We discussed fraud with management. We asked the Finance and Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Service and their role in the oversight of management's antifraud programs. We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period. We evaluated the business rationale for any significant transactions. We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates. We obtained sufficient audit evidence to conclude that there were no material misstatements. 	

Revenue recognition

Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Not applicable.
Analysis of risk		Audit response and results	
<ul style="list-style-type: none"> Assurance standards include the presumption of a fraud risk involving improper revenue recognition. There may be a risk of material misstatement relating to the occurrence and cutoff of the following revenue streams: government grants, sale of goods and services and fines and penalties. 		<ul style="list-style-type: none"> We will make selections and perform tests of detail to verify whether it is appropriate to recognize revenue for each revenue stream. We will also make inquiries of management and test the design and implementation of control activities involving management's process for accounting for revenue transactions and determine when the revenue recognition criteria have been met. We obtained sufficient audit evidence to conclude that there were no material misstatements. 	

Significant events

COVID-19

Impact on our 2020 audit

Due to COVID-19, we have identified certain areas of our 2020 audit that were directly impacted in comparison to previous years. These changes have had an impact on our audit in terms of nature, timing and extent of audit procedures that we will be required to perform. We have outlined below the significant changes identified to date.

- Increased communication with management throughout the year to understand the impacts and implications of COVID-19.
- Updated our understanding of how COVID impacted processes and controls and applied audit procedures to any changes in processes and controls at the Service.
- Used alternative methods to obtain audit evidence (scanned copies, electronic versions, video calls to walk through controls, analyses and questions and screen sharing) due to remote work arrangements.
- Performed audit testing remotely as the Provincial government continues to require social distancing.

We also monitored the audit scope and timelines and adjusted accordingly to ensure we met reporting deadlines. As part of our investment into our valued relationship with the Service, we have internalized the costs related to additional effort resulting from procedures performed related to COVID-19.

Areas of focus

Accuracy, recording and presentation of accrued liabilities

Analysis	Audit response and results
<ul style="list-style-type: none"> Completeness and accuracy of the recording and presentation of accrued liabilities. The recognition of reserves requires an increased level of management judgement. For the year ended December 31, 2019, Deloitte identified an error in the calculation related to the civilian employee benefit liability. This was subsequently corrected by the Service in 2020. The correcting entry will be subject to audit procedures for the year ended December 31, 2020. 	<ul style="list-style-type: none"> We evaluated design and implementation of relevant controls and found them to be effective. We performed tests of details on accuracy and presentation of accrued liabilities. We performed tests of details on reserves recognized during the year to ensure they were complete and accurate. We identified an error in the current year related to the incorrect fringe benefits rates being used in the calculation of the accrued vacation and overtime liability. A summary of uncorrected financial statement misstatements are included in Appendix 4.

Accuracy and disclosure of pension liability (employee benefit obligations)

Analysis	Audit response and results
<ul style="list-style-type: none"> The pension liability, including financial statement disclosures may not be accurately recorded. The pension obligation is determined based on various inputs and assumptions (including discount rates, inflation rates, mortality rates, termination rates, retirement rates, salary increases, etc). Underlying asset and/or obligation balances may be impacted due to the effects of the COVID-19 pandemic. 	<ul style="list-style-type: none"> We reviewed the pension plan balance recorded at year end and verified this balance through confirmation with the actuary. We reviewed the financial statement disclosure of the pension liability with the most recent actuarial valuation report prepared and ensured financial statement disclosures were in accordance with the relevant accounting standards. We considered the reasonableness and consistency of assumptions used by the actuary. In accordance with Canadian GAAS, we communicated with the actuary in writing regarding our use of and reliance on their report and we have assessed the qualification and independence of the actuary. We obtained sufficient audit evidence to conclude that there were no material misstatements.

Significant accounting policies, judgements and estimates

The accounting policies described below are those that are most important and representative of the Service's financial condition and financial performance.

In the course of our audit of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

We believe the Service's significant accounting policies to be:

- The estimates of useful lives, amortization and potential impairment of tangible capital assets
- Contingencies and accrued liabilities
- Employee benefit obligations

In our judgment, the significant accounting practices and policies, selected and applied by management are, in all material respects, acceptable under PSAS and are appropriate to the particular circumstances of the Service.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. These judgements are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2020, management advised us that there were no significant changes in accounting estimates or in judgements relating to the application of the accounting policies.

Appendix 1 – Communication requirements and other reportable matters

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit.

Required communication	Refer to this report or document described below
Audit Service Plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Confirmation of changes letter
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk 	Audit plan communicated on December 1, 2020.
3. Significant transactions outside of the normal course of business, including related party transactions	Related party transactions are disclosed in Note 9 to the financial statements. Refer to Significant Risks section for further details on significant transactions outside the normal course of business.
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	We believe adequate internal controls exist to sufficiently mitigate the risk of management override of controls. Those charged with governance exercise oversight over management's process for identification and response to the risk of fraud by establishing and enforcing a code of conduct, establishing committees to govern various aspects of operations and engaging frequently with key management personnel.
5. Any known suspected or alleged fraud affecting the Service	We are not aware of any actual or suspected fraudulent events.

Required communication	Refer to this report or document described below
6. Whether the Service is in compliance with laws and regulations	<p>Management is responsible for ensuring that the Service's operations are conducted in accordance with the laws and regulations applicable to the Service in the jurisdictions in which it operates. The responsibility for preventing and detecting noncompliance rests with management. The auditor is not and cannot be held responsible for preventing noncompliance with laws and regulations.</p> <p>Our limited procedures did not identify any areas of material noncompliance with laws and regulations by the Service.</p>
Year End Communication	
7. Fraud or possible fraud identified through the audit process	We are not aware of any fraudulent events.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting policies, judgements and estimates section of this document.
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	Significant accounting policies, judgements and estimates section of this document.
10. Matters related to going concern	Executive summary section of this document.
11. Consultation with other accountants	Management has informed us that the Service has not consulted with other accountants about auditing or accounting matters.
12. Management judgements and accounting estimates	Significant accounting policies, judgements and estimates section of this document.
13. Significant difficulties, if any, encountered during the audit	During the course of our audit, we did not encounter any significant difficulties in dealing with management related to the performance of the audit.
15. Material written communications between management and us, including management representation letters	Management representation letter
16. Circumstances that affect the form and the content of the auditor's report	Draft auditor's report
17. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
18. Modifications to our opinion	We will issue an unmodified opinion.
19. Other significant matters discussed with management	Significant audit risks, significant events and areas of focus section of this document.

Required communication	Refer to this report or document described below
20. Matters involving noncompliance with laws and regulations that came to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention.	We are not aware of any matters involving noncompliance with laws and regulations or illegal acts.
21. Litigation	No litigation matters to report.
22. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	No deficiencies to report.
23. Uncorrected misstatements and disclosure items	In accordance with Canadian GAAS, we request that all misstatements be corrected. Uncorrected misstatements and uncorrected disclosure misstatements.
24. Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Finance and Audit Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.
25. Concerns regarding management competence and integrity	We do not have any concerns regarding management's competency and integrity.
26. Disagreements with management	During the current audit, we did not have any disagreements with management.
27. Post-balance sheet events	At the date of finalizing this report, we are not aware of any significant post-balance sheet events.
28. Limitations when sending confirmations	Not applicable.
29. Other significant matters arising from the audit	No other significant matters to report.

Appendix 2 – Draft version of our auditor's report

Our report on the financial statements is expected to be in the following form. However, the final form may need to be adjusted to reflect the final results of our audit.

Independent Auditor's Report

To the Members of
The Calgary Police Commission

Opinion

We have audited the financial statements of Calgary Police Service ("the Service"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Service as at December 31, 2020, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Service in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Service or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Service's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Service to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
May 25, 2021

Appendix 3 – Draft independence

May 25, 2021

The Finance and Audit Committee
Calgary Police Service

Dear Finance and Audit Committee members:

We have been engaged to audit the financial statements of Calgary Police Service (the "Service") for the year ended December 31, 2020.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Service, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a) Holding a financial interest, either directly or indirectly, in a client.
- b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d) Economic dependence on a client.
- e) Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since May 26, 2020, the date of our last letter.

We are not aware of any relationships between the Member Firms of Deloitte Touche Tohmatsu Limited and their respective affiliates (collectively, the "Deloitte Entities") and the Service and its affiliates, or persons in financial reporting oversight roles at the Service and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from May 27, 2020 to May 25, 2021.

The total fees charged to the Service for audit services were \$54,035 (2019 - \$54,142) during the period covered by the financial statements.

We hereby confirm that we are independent with respect to the Service in accordance with the Rules of Professional Conduct of the applicable Chartered Professional Accountants of Alberta as of May 25, 2021.

This letter is intended solely for the information and use of the Finance and Audit Committee, management and others within the Service and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

Appendix 4 – Draft management representation letter

[Service letterhead]

May 25, 2021

Deloitte LLP
700, 850 - 2 Street SW
Calgary, AB T2P 0R8

Dear Sirs:

Subject: Financial statements of Calgary Police Service as at and for the year ended December 31, 2020

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the financial statements of the Calgary Police Service (the "Service" or "we" or "us") for the year ended December 31, 2020, and a summary of significant accounting policies and other explanatory information (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Service in accordance with Public Sector Accounting Standards ("PSAS").

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries, as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the master services agreement between the Service and Deloitte dated November 14, 2018 and the confirmation of changes letter dated December 1, 2020 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Service as at December 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Service has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2020 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
4. We have completed our review of events after December 31, 2020 and up to the date of this letter.
5. The Financial Statements are free of material errors and omissions.

We believe that the effects of any uncorrected Financial Statement misstatements pertaining to the current period presented, are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole. A list of the uncorrected misstatements aggregated by you is attached in Appendix A.

Internal Controls

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

8. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters;
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. All minutes of the meetings of Commission members and committees of the Commission, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant commission and committee actions are included in the summaries.
9. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.

10. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the Financial Statements.
11. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Service.
12. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies financial reporting practices. There are also no known or possible instances of noncompliance with the requirements or regulatory or governmental authorities.
13. We have disclosed to you the identities of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

14. Prior to the Service having any substantive employment conversations with a former or current Deloitte engagement team member, the Service has held discussions with Deloitte and obtained approval from the Finance and Audit Committee.
15. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Finance and Audit Committee in accordance with its established approval policies and procedures.

Except where otherwise stated below, immaterial matters less than \$385,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

16. Except as listed in Appendix A, all transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
17. The Service has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200.
18. There are no instances of identified or suspected noncompliance with laws and regulations.
19. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.
20. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
21. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.

22. We have disclosed to you, and the Service has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of noncompliance, including all covenants, conditions or other requirements of all outstanding debt.
23. The Service has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

Managements Responsibilities

24. All transactions and events have been carried out in accordance with law, regulation or other authority.

Adjusting Journal Entries

25. We have reviewed the year-end adjusting entries and acknowledge our responsibility for their accuracy.

Accounting policies

26. The accounting policies selected, and application of those policies are appropriate.
27. The Service's accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2019.

Receivables

28. The Service is responsible for determining the appropriate carrying amount of notes, loans and accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.

Employee future benefits

29. Employee future benefit costs, assets and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances. Actuarial gains [losses] have been amortized to the liability [asset] and the related expense in a systematic and rational manner over the expected average remaining service life of the related employee group.
30. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
31. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.

Government Transfers

32. We have disclosed to you all correspondence relating to government transfers that the Service has had with the funding body.
33. We have assessed the eligibility criteria and determined that the Service is an eligible recipient for the government transfers received.
34. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.
35. All government transfers that have been recorded as deferred revenue give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.

Tangible capital assets

36. Tangible capital assets have been recorded properly and consistently according to the standards in Section PS 3150, *Tangible Capital Assets*.

37. Contributed tangible capital assets have been appropriately recorded at fair value, unless fair value is not reasonably determinable, and in such case, have been recorded at an appropriate nominal value. All contributed tangible capital assets have been appropriately disclosed.
38. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets contribute to the Service's ability to provide goods and services and therefore do not require a write down.

Inter-entity transactions

39. The Service has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with Section PS 3420, *Inter-entity transactions* ("PS 3420").
40. The Service, when it acts as a provider, reports all inter-entity revenues and expenses on a gross basis and, when it acts as a recipient, reports all expenses on a gross basis.
41. The Service has recorded all inter-entity transactions properly at exchange or carrying amount in accordance with the criteria in PS 3420.14-.22.
42. The Service has disclosed all inter-entity transactions in the notes to the Financial Statements whether or not such transactions are recognized in the financial statements, in accordance with PS 2200.

Assets

43. The Service has recognized all assets, which do not fall within the scope of other standards, only when the requirements in Section PS 3210, *Assets* ("PS 3210") have been met. For those assets, which do not meet the recognition criteria in PS 3210, the Service has appropriately disclosed details of such unrecognized assets in accordance with PS 3210, if applicable. There was no impact to the Service's financial statements upon adoption of PS 3210.

Contractual Rights

44. The Service has identified and disclosed all contractual rights that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with Section PS 3380, *Contractual Rights*.

Restructuring transactions

45. The Service has identified all restructuring transactions, as defined in Section PS 3430, *Restructuring Transactions*.

Contingent Assets

46. The Service has identified all contingent assets in accordance with Section PS 3320, *Contingent Assets* and, when the occurrence of the confirming future event is considered likely, appropriately disclosed these items in the financial statements.

Yours truly,
Calgary Police Service

Mark Neufeld, Chief of Police

Blaine Hutchins, Executive Director

Appendix A

Calgary Police Service

Summary of uncorrected financial statement misstatements Year ended December 31, 2020

Uncorrected misstatements for the year ended December 31, 2020

	Assets DR (CR)	Liabilities DR (CR)	Opening Accumulated Surplus DR (CR)	Income DR (CR)
Current year misstatement – Net under accrual of employee benefit liability for sworn and civilian members due to incorrect fringe benefit rates used.		(490,778)		490,778
Current year impact of prior year misstatement - Carryover impact of 2019 reported uncorrected error relating to under-accrual of civilian employee benefit liability.			1,512,286	(1,512,286)
Current year impact of correction of prior years' error by The City of Calgary - Correction of 2017 understatement of work in progress related to tangible capital assets as a result of The City of Calgary undertaking corrections. The ending balance of tangible capital assets is correct for 2020, resulting in an opening accumulated surplus misstatement as the misstatement was corrected by management in the current year.			(458,923)	458,923
Total		(490,778)	1,053,363	(562,585)