



The City of Calgary

2015 Audit service plan

For the year ending December 31, 2015
Presented to the Audit Committee
October 15, 2015

Instilling
confidence

October 5, 2015

To the Members of the Audit Committee of
The City Council of The City of Calgary

Dear Audit Committee Members:

We are pleased to present our 2015 audit service plan for The City of Calgary ("The City"), which describes our audit scope and strategy, our protocols for communication with the Audit Committee (the "Committee") and Administration, and other services we provide for The City.

We are proud of our relationship with The City. Our objective at Deloitte is to set the standard of excellence and our team is committed to providing an efficient, high-quality audit. We recognize and are sensitive to your expectations regarding cost administration and quality. We will focus our efforts on higher risk areas and coordinate our activities with Administration and make every effort to achieve audit efficiencies.

Our engagement will include:

- An audit of The City's consolidated financial statements (the "Financial Statements") as at and for the year ending December 31, 2015 prepared in accordance with Canadian public sector accounting standards ("PSAS") and conducted in accordance with Canadian generally accepted auditing standards ("GAAS");
- An audit of the Municipal Information Return for the year ending December 31, 2015;
- An audit of the Funds Held in Trust by The City for the year ending December 31, 2015; and
- An audit of The City newspaper insert for the year ending December 31, 2015 (summarization of The City's 2015 financial information).

We are providing this audit service plan to the Committee on a confidential basis. It is intended solely for the use of the Committee to assist it in discharging its responsibilities with respect to the Financial Statements for the year ending December 31, 2015 prepared in accordance with PSAS and is not intended for any other purpose. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants, Chartered Accountants

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At a glance

As your auditor, we understand that you require Deloitte to perform a high-quality, proactive audit that is delivered with integrity, objectivity and independence.

Our audit addresses financial statement risks through targeted procedures that are responsive to the nature of these risks, including changes in The City and its operational environment. Our procedures include identifying and analyzing issues and facts relevant to our audit conclusions and providing objective challenges to Administration's judgments and assumptions.

Our audit approach involves consideration of the following:

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| Audit scope and terms of engagement | <p>The scope of this audit will include a full-scope audit as discussed in the Audit scope section.</p> <p>The audit service plan considers several factors which are discussed in detail in the body of the report including:</p> <ul style="list-style-type: none">• Risk assessment, and• Internal control matters. <p>The terms and conditions of our engagement are included in the engagement letter, which is to be signed on behalf of City Council, and will be sent separately to the Committee Chair and Chief Financial Officer.</p> |
| Independence | <p>We have developed important safeguards and procedures to protect our independence and objectivity. If, during the year, we identify a breach of independence, we will communicate it to you in writing. Our communication will describe the significance of the breach, including its nature and duration, the action taken or proposed to be taken, and our conclusion as to whether or not the action will satisfactorily address the consequences of the breach and have any impact on our ability to serve as independent auditors to The City.</p> <p>We are independent of The City and we will reconfirm our independence in our final report to the Committee.</p> |
| Materiality | <p>We are responsible for providing reasonable assurance that your Financial Statements as a whole are free from material misstatement.</p> <p>In determining the level of materiality to utilize for the financial statement audit of The City we take into account the users of the financial statements, specifically the citizens of Calgary as well as the Committee, who has an overall responsibility for the Financial Statements. In addition, we also take into consideration the City's long term debt rating of AA+ as determined by Standard and Poors and AA (high) by Dominion Bond Rating Service as this is an indication of the overall financial viability of The City.</p> <p>Materiality levels are determined on the basis of consolidated budgeted operating expenses and other qualitative factors. Our preliminary estimate of materiality for the 2015 audit is \$50,000,000 (2014, \$46,000,000).</p> <p>We will report to the Committee all uncorrected misstatements greater than a clearly trivial amount of \$2,500,000 (2014, \$2,300,000), computed as 5% of materiality, and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we will request that misstatements, if any, be corrected.</p> |

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| Audit risks | <p>We have identified the following areas of significant risk for the 2015 audit:</p> <ul style="list-style-type: none"> • Completeness and valuation of Tangible Capital Assets ("TCA"); • 2013 Flood - TCA capitalization versus expenditure of repairs and the recognition of revenue - insurance proceeds and government funding; • Administration override of controls; and • Adoption of PS 3260 – <i>Liability for contaminated sites</i>. <p>See the Risk assessment section for further discussion of these risks and related audit responses.</p> |
| Audit team | <p>Our audit team is led by Trevor Nakka, our lead client service partner. Mr. Nakka is responsible for all services provided to The City and will be supported by a team that includes Harman Gill, audit engagement partner and Rakesh Ashar, ERS partner.</p> <p>The key audit team members serving The City are presented in Appendix 2.</p> |
| Audit fees | <p>We propose audit fees of \$252,200 (2014, \$246,000) for the consolidated financial statements.</p> <p>Additional work related to the adoption of the new accounting standard <i>PS 3260, Liability for Contaminated Sites</i> applicable for fiscal 2015 will result in additional fees. The additional fees are estimated to be \$15,000 and subject to finalization at the completion of the audit. We will work with Administration to keep our time and costs to a minimum to satisfy our professional audit requirements for matters that will be necessary to address the adoption of the new accounting standard.</p> <p>Furthermore, estimated additional audit fees of \$15,000 will be incurred to test the operating effectiveness testing of the local improvement revenue information technology systems (Tax Office On-line Suite ("TOOLS") and Local Improvement Levy ("LIL")). See the Risk assessment section for further details.</p> <p>Finally, based on discussions with Administration, we understand that Administration is in the process of reviewing TCA related account balances and related processes. As a result, during fiscal 2015 a review of machinery and equipment has resulted in changes in accounting policies and processes relating to this asset class. Estimated additional fees of \$10,000 will be incurred to review the implementation of the revised policies and procedures.</p> <p>Our objective is to conduct an efficient audit in accordance with Canadian GAAS. The time we have estimated for our audit assumes an optimum level of assistance from The City staff and our commitment to fulfill our professional responsibilities and duties in an efficient manner. We have carefully considered all elements included within our audit plan and confirm that, in our judgment, all such procedures are appropriate and in line with Canadian GAAS.</p> <p>Additional information on fees, including fees related to the subsidiaries and other audits we perform, is provided later in this report.</p> |
| Complete engagement reporting | <p>Upon the satisfactory completion of our audit, including the receipt of written representations from Administration, we will provide you with an audit report on your Financial Statements.</p> <p>We will also issue other reports to assist you in fulfilling your responsibilities, as required by applicable auditing standards. Appendix 4 summarizes the required communications between Deloitte and the Committee.</p> |

Risk assessment

We compile information from a variety of sources, including discussions with Administration and the Committee, to identify risks to The City's financial reporting process that may require attention. Our preliminary risk assessment took into account:

- Key operational developments and transactions;
- Current operational, regulatory and accounting pronouncements and developments;
- Key Administration strategies and business plans;
- Prior years' audit results;
- Results of procedures relating to internal control; and
- Areas of significant judgment and risk.

During our risk assessment procedures, we identified significant risks that require special audit consideration. These risks, along with our planned responses (including both internal control and financial statement procedures), are listed below. In performing our risk assessment, we have considered the risks identified by Administration in performing their risk assessment.

Our audit planning activities and our preliminary identification of audit risks enables us to set the scope of our audit and to design audit procedures tailored to the identified risks to financial reporting. The table below sets out significant risks to financial reporting that we identified during our preliminary planning activities. The table also includes our proposed response to each risk. Our planned audit response is based on our assessment of the likelihood of a risk's occurrence, the significance should a misstatement occur, our determination of materiality and our prior knowledge of The City.

The results of our audit planning and risk assessment drive the scope and timing of the audit procedures.

Areas of significant risk for 2015

Tangible Capital Assets

| Audit risk | Completeness and valuation of Tangible Capital Assets ("TCA"). |
|------------------------------------|---|
| Our proposed audit response | <p>We will audit The City's TCA additions, disposals and amortization along with related disclosures. Our testing will include, on a sample basis, reviewing amounts included in the current year transactions to ensure only amounts that meet the definition of capital are included and are appropriately valued.</p> <p>We will also review a sample of items recorded as repairs and maintenance to ensure these amounts are appropriately expensed.</p> <p>We will assess impairment indicators of TCA and will consider the need and amount of potential write downs.</p> <p>Given the nature of the TCA held by The City, there is a risk for misclassification of the respective TCA. As a result, we will perform increased substantive testing of the financial statement disclosures.</p> <p>During 2015, The City has implemented new processes, procedures and policies relating to the accounting of machinery and equipment. We will review the processes and procedures implemented to test that they have been designed and implemented effectively. We will test a sample of new additions to machinery and equipment to ensure that these additions have been accounted for based on the new policies and procedures implemented.</p> |

2013 Flood –TCA impairments, capitalization versus expenditure of repairs and recognition of revenue - insurance proceeds and government funding

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|------------------------------------|--|
| Audit risk | <p>The 2013 flood impacted TCA of The City. There was significant damage to various City owned assets. As reconstruction and repair of TCA and recovery of insurance proceeds and government funding has continued into fiscal 2015, the flood will continue to impact current year accounting and reporting matters. Accordingly, the following significant risks have been identified:</p> <ul style="list-style-type: none"> • Capitalization versus expenditure of repairs; and • Timing of the recognition of revenue relating to flood insurance proceeds and government funding and ultimate collection (cut-off and occurrence). |
| Our proposed audit response | <p>We will review a sample of expenditures relating to the repair of assets to verify whether these expenditures have been appropriately capitalized or expensed.</p> <p>We will review the revenue recognition of insurance proceeds and government funding to verify that revenue has been recorded in the correct period.</p> |

Administration override of controls

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| Audit risk | <p>Assurance standards include the presumption of Administration override of controls as a significant risk.</p> <p>Administration may be in a unique position to perpetrate fraud because of Administration's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> |
| Our proposed audit response | <p>We will engage in periodic fraud discussions with certain members of senior Administration and others, including The City Auditor, City Solicitor and the Committee. We will consider the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates. We will evaluate the business rationale for any significant unusual transactions.</p> <p>We will evaluate The City's fraud risk assessment and consider entity-level internal controls and internal controls over the closing and reporting process. We will test journal entries that exhibit characteristics of possible Administration override of controls identified.</p> |

Adoption of PS 3260 – *Liability for contaminated sites*

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|------------------------------------|---|
| Audit risk | <p>PS 3260 – <i>Liability for contaminated sites</i> is required to be adopted for the year ended December 31, 2015. PS 3260 establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. The standard defines which activities should be included in a liability for remediation, the timing of this recognition, the method of measurement and provides the requirements for financial statement presentation and disclosure purposes.</p> <p>There is a risk that the liability recorded for contaminated sites is not complete or accurate. There is also a risk that the application of the standard is not consistent with the guidance provided within PS 3260 – <i>Liability for contaminated sites</i>.</p> |
| Our proposed audit response | <p>We will review the City's methodology for application of this standard on City owned land and property. We will audit the assumptions and the calculation of the liability associated with the potential remediation costs. A review of financial statement disclosure relating to this liability will also be performed to ensure disclosures are consistent with guidance provided by PS 3260 – <i>Liability for contaminated sites</i>.</p> |

Areas of focus for 2015

Local improvement levy revenue

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|------------------------------------|--|
| Audit risk | Completeness and cut off of local improvement levy revenue. |
| Our proposed audit response | We will obtain the listing of completed local improvement projects in the year and will select a sample of these projects for testing to ensure that they have been appropriately accounted for. In addition, we will test the operating effectiveness of the information technology systems (TOOLS and LIL) that support the recording of local improvement levy revenue. |

PS 3270 - Solid waste landfill closure and post-closure liability

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|------------------------------------|---|
| Audit risk | Valuation of environmental liabilities and asset retirement obligations, relating to the accrual of post closure landfill liabilities. |
| Our proposed audit response | <p>We will review The City's estimates of post closure landfill liabilities.</p> <p>We will review City Council minutes and legal confirmations, hold discussions with Administration and rely on our knowledge of business to ensure completeness of the liability.</p> <p>We will review Administration's estimates and assumptions for reasonability and perform tests of details on the transactions during the year.</p> <p>We will require representations to be signed by Administration that all environmental liabilities and clean-up costs are complete and appropriately disclosed.</p> |

Funding contracts

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| Audit risk | Disclosure and completeness of liabilities and commitments under funding contracts provided by The City. |
| Our proposed audit response | <p>We will review Administration's assessment of liabilities and commitments required to be recorded or disclosed under agreements entered into during the year.</p> <p>We will review a sample of funding contracts entered into during the year to assess Administration's treatment and appropriate recording of these transactions.</p> <p>We will also assess the completeness of the balances via a review of City Council minutes and performing a search for unrecorded liabilities as well as a review of prior year estimates.</p> |

Capital deposits and deferred revenue

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| Audit risk | Completeness and valuation of capital deposits and recognition of deferred revenue. |
| Our proposed audit response | We will select a sample of capital projects in progress over the year and ensure costs and related revenues are recorded in the correct period. |

Related authorities / subsidiaries

| | |
|------------------------------------|--|
| Audit risk | Completeness and disclosure of the accounting for organizations included in the government reporting entity (related authorities or subsidiaries). |
| Our proposed audit response | We will review The City's accounting policies and any changes therein related to its subsidiaries. We will verify that the subsidiaries have been accounted for and disclosed in accordance with The City's accounting policies and PSAS and perform separate audits of significant subsidiaries. |

Litigation accruals and contingencies

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|------------------------------------|--|
| Audit risk | Completeness and accuracy of claims and litigation matters of The City and its related authorities. |
| Our proposed audit response | We will enquire with The City's legal department and City Solicitor to determine the status of outstanding legal matters. We will review legal correspondence from the City Solicitor and discuss the status of outstanding legal matters with Administration and others, as necessary. We will then work with Administration to assess the appropriateness of any contingent liabilities and financial statement disclosures. |

Government grants and transfers

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|------------------------------------|--|
| Audit risk | Accounting and disclosure of government grants and transfers. |
| Our proposed audit response | We will review a sample of funding agreements to determine if the contract requires financial statement disclosure. We will review a sample of federal and provincial transfer payments received during the year to fund specific projects. We will review the related funding agreements to ensure funds are used for their intended purpose and that revenue is recognized in the appropriate period, including the deferred revenue. We will review deferred revenue for compliance with PSAS. We will test expenditures and ensure that the corresponding revenue has been recognized. |

Tax revenue

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| Audit risk | Completeness and accuracy of the accounting for tax revenue. |
| Our proposed audit response | We will perform reasonability tests on tax revenue balances. We will review and test the tax revenue business cycle process controls. We will complete data analytical testing on the property tax revenues for the year end. |

Reserves

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|------------------------------------|---|
| Audit risk | Completeness and accuracy of the recording and presentation of reserves. |
| Our proposed audit response | We will review expenditures charged to each reserve and vouch a sample of expenditures to invoices to verify that the transaction was within the terms and conditions approved by City Council. We will also review the completeness and accuracy of the financial statement disclosures relating to reserves. |

Long-term debt, pension liability, contractual and other long term obligations

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|------------------------------------|---|
| Audit risk | Disclosure and completeness of long-term debt, pension liability, contractual and other long term obligations. |
| Our proposed audit response | We will review the completeness and accuracy of the financial statement disclosures relating to the City's long-term debt, pension liability, contractual and other long term obligations. We will ensure that these disclosures are in accordance with PSAS guidance. |

Non-standard transactions

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|------------------------------------|---|
| Audit risk | Completeness and accuracy of non-standard transactions. |
| Our proposed audit response | Non-standard transactions are inherently riskier as there is no precedence for which to account for these items. Examples of non-standard transactions may include but are not limited to; P3 agreements, transfer of lands to/from the Province, transfer of corporate properties between business units and the purchase and sale of properties. We will review large transactions that have occurred during the year to ensure that these transactions have been accurately and completely recorded in the year-end financial statements. |

As we perform our audit procedures, we will separately communicate any significant changes to the significant risks listed above and the reasons for such changes.

Audit scope

Designed to obtain reasonable assurance and address the risks of material misstatements.

An audit is designed to search for potential misstatements that, individually or collectively, are material. This is done by determining a specific threshold for each engagement and considering other qualitative factors. The threshold amount is also used to evaluate the significance of uncorrected misstatements that are noted during the audit.

The audit enables us to express an opinion on whether the Financial Statements are prepared, in all material respects, in accordance with PSAS. The audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by Administration, and evaluating the overall presentation of the Financial Statements. Our report on the Financial Statements and communications required by PSAS will be in accordance with our findings.

An audit is designed to search for potential misstatements that, individually or collectively, are material. Some of the factors we consider in determining the audit scope include:

- The existence of significant risks;
- A consideration of significant accounts and disclosures using materiality levels that are appropriate to support our audit opinion on The City's Financial Statements;
- The complexity and nature of the operations, internal controls and accounting issues;
- The degree of decentralization of processes and controls, including the extent of relevant enterprise-level controls; and
- The extent and nature of internal control deficiencies and financial statement misstatements identified in current and previous periods.

Based on our analysis of these risks, we have determined the scope of work we consider necessary to provide an appropriate basis for our audit opinion on the Financial Statements.

Internal control matters

We review and evaluate certain aspects of the systems of internal control over financial reporting to the extent we consider necessary in accordance with Canadian GAAS. The main purpose of our review is to assist in determining the nature, extent and timing of our audit tests and to establish the degree of reliance that we can place on selected controls.

As part of our planning procedures, we will review the systems of internal control relating to several business processes. Our focus is on reviewing the relevant business process documentation, interviewing the business process owners and ensuring that the relevant key controls are appropriately designed and implemented. In addition, there are several business processes for which we complete operating effectiveness testing to ensure that the key controls in those areas have been designed, implemented and are operating effectively during the period subject to audit. During our year end reporting and as part of our letter of recommendations to Administration we will report to the Committee any observations relating to internal control matters that may be of interest to both Administration and the Committee.

We will inform the Committee and Administration of any significant deficiencies in internal controls that are identified in the course of conducting the audit.

Developing our audit plan in coordination with The City Auditor

We recognize that it is important for us to coordinate our activities with The City Auditor and to create a cooperative, mutually supportive and open relationship with them. A key element in our preliminary planning stage will be the review and consideration of the work plan for audits expected to be performed by The City Auditor's office in the present year. This review will be helpful in assisting us to determine our overall preliminary audit approach, and to gain additional insight into current issues and topical matters facing The City. We intend to meet with The City Auditor as part of our audit planning activities and on a regular basis throughout the audit cycle to facilitate an effective and efficient coordination of our activities and sharing of information.

Audit scope uncertainty

Our audit service plan is based on several assumptions. Circumstances may arise during the engagement that could significantly affect the scope, extent and timing of our audit procedures. These circumstances may include, but are not limited to:

- A deterioration in the quality of The City's accounting records during the current year engagement compared to the prior-year engagement;
- The identification of significant deficiencies in The City's internal control that result in the expansion of our audit procedures;
- The identification, during our audit, of a significant level of proposed audit adjustments; and
- The occurrence of significant new issues or changes, such as:
 - New accounting issues;
 - Changes in accounting policies or practices from those used in prior years;
 - Events or transactions not contemplated in our budget;
 - Changes in The City's financial reporting process or IT systems;
 - Changes in The City's accounting personnel, their responsibilities, or their availability;
 - Changes in auditing standards;
 - Significant adjustments to TCA accounts and balances;
 - Changes in The City's use of experts or the specialists and/or their work product does not meet the qualifications that Canadian GAAS require for us to be able to use their work; and
 - Changes in the audit scope caused by events that are beyond our control.

If any of these or similar such circumstances arise during the course of our audit we will discuss them on a timely basis with Administration and provide the Committee with a report regarding the impact on our audit at its next scheduled meeting. Matters that we consider to be significant and that may be sensitive from a reporting timing perspective will be communicated immediately to the Chair of the Committee.

Audit fees

We focus our activities and make every effort to optimize the efficiency of our audit

We recognize and are sensitive to your concerns about managing costs. Therefore, we will maximize the efficiency of our audit by focusing on risk areas and coordinating our activities with Administration. Furthermore, our current audit plan builds upon the successes achieved in 2014.

We have challenged our professionals to identify engagement efficiencies and considered their suggestions when developing our audit plan.

The following fee estimate is preliminary and may be adjusted based on the final scope of our audit and our final determination of the audit procedures that we consider necessary to enable us to express an opinion on the financial statements. Our anticipated level of work and the associated fee estimate do not include the effect of any regulatory or other changes to existing auditing and accounting standards yet to be issued.

We will seek the Committee's pre-approval before commencing the additional procedures arising from these unexpected changes.

| The 2015 estimated fees are as follows: | Current year * | Previous year * |
|---|---|---|
| Audit fees | | |
| The City of Calgary consolidated financial statement audit | \$252,200 | \$246,000 |
| Municipal Information Return | \$4,300 | \$4,200 |
| Funds Held in Trust Audit | \$1,650 | \$1,600 |
| Newspaper insert (summarization of The City's financial information) | Included in the City of Calgary Audit fee | Included in the City of Calgary Audit fee |
| Additional audits as requested by Administration and Audit Committee up to approval limit | \$25,000 | \$25,000 |
| Adoption of PS 3260 – <i>Liability for contaminated sites</i> | \$15,000 | - |
| Operating effectiveness testing of the local improvement revenue information technology systems (TOOLS and LIL) | \$15,000 | - |
| Review of implementation of TCA Machinery and Equipment policies and procedures on a prospective basis | \$10,000 | - |
| Total | \$323,150 | \$276,800 |

* These fees exclude the 7% administrative charge and GST.

Related subsidiaries and other audits

Summary of engagement timing and estimated fees – December 31, 2015

| Entity | Reporting entity relationship | Estimated audit completion | Estimated 2015 audit fee*** | 2014 audit fee |
|---|--|----------------------------|-----------------------------|------------------|
| The City of Calgary consolidated | City of Calgary Audit Committee | April 2016 | \$252,200 | \$246,000 |
| Calgary Municipal Land Corporation | Calgary Municipal Land Corporation Audit Committee | April 2016 | \$48,000 | \$36,000 |
| Calgary Parking Authority | Calgary Parking Authority Audit Committee | March 2016 | \$83,000** | \$81,000** |
| Calgary Public Library | Calgary Public Library Finance and Audit Committee | March 2016 | \$36,900 | \$36,000 |
| Calhome Properties Ltd. | Calhome Properties Ltd. Audit Committee | March 2016 | \$72,800 | \$71,000 |
| Calgary Police Service | Calgary Police Commission | May 2016* | \$46,100 | \$45,000 |
| TELUS Convention Centre | TELUS Convention Centre Audit Committee | May 2016* | \$38,950 | \$38,000 |
| ENMAX Corporation | ENMAX Audit Committee | March 2016 | \$355,925 | \$309,600 |
| Elected Officials Pension Plan | Pension Governance Committee | May 2016 | \$6,800 | \$6,600 |
| Supplementary Pension Plan | Pension Governance Committee | May 2016 | \$12,900 | \$12,600 |
| Municipal Employees Benefits Association of Calgary | Executive Committee of Municipal Employees Benefits Association of Calgary | April 2016 | \$23,600 | \$23,000 |
| Family & Community Support Services | City of Calgary Administration | April 2016 | \$18,500 | \$18,000 |
| Municipal Information Return | City of Calgary Administration | April 2016 | \$4,300 | \$4,200 |
| Funds Held in Trust | City of Calgary Administration | April 2016 | \$1,650 | \$1,600 |
| Core Benefit Plan | Audit to be completed every four years – next audit will be fiscal 2018 | - | - | 11,500 |
| | | Total | \$1,001,625 | \$940,100 |

* Fieldwork for these entities will be completed by March 2016

** Report under International Financial Reporting Standards

*** The fee estimate is an increase of 2.5% over the 2014 audit fee, with exception of Calgary Municipal Land Corporation where fees were increased to reflect growth in operations and Enmax where 2015 fee reflects a new acquisition. The fees exclude the 7% Administrative charge and GST

Consolidation

For the purposes of The City's consolidated financial statements, each reporting entity is required to provide their final internal financial statements to Administration prior to completion of the consolidated audit. The timing of our audit procedures is planned for completion prior to the anticipated final auditor's report for The City. Our final auditor's reports are presented to each reporting entity at their respective Audit Committee meetings.

Appendix 1 – The Deloitte risk-based audit approach

A consistent approach that supports a dynamic environment

Deloitte's audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing The City.



These steps are not necessarily sequential nor are they mutually exclusive. For example, once we've developed our audit plan and the audit is being performed, we may become aware of a risk that was not identified during the planning phase. Based on that new information, we would reassess our planning activities and adjust the audit plan accordingly.

1. Initial planning

The Deloitte audit approach begins with an extensive planning process that includes:

- Assessing your current business and operating conditions;
- Understanding the composition and structure of your business and organization;
- Understanding your accounting processes and internal controls;
- Understanding your information technology systems;
- Identifying potential engagement risks;
- Planning the scope and timing of internal control and substantive testing that take into account the specific identified engagement risks; and
- Coordinating our activities with external parties and experts.

Understanding your business and accounting processes

Our audit will take into account specific items of particular interest raised by the Committee as well as areas of concern identified by the Committee or Administration.

2. Assessing and responding to engagement risk

Our audit approach combines an ongoing identification of risks with the flexibility to adjust our approach when additional risks are identified. Since these risks may impact our audit objectives, we consider materiality in our planning to focus on those risks that could be significant to your financial reporting.

Risk assessment

The risks that we have identified to date, and which will be addressed when conducting the audit, are summarized in the Audit Scope section. As we perform our audit, we will update our risk assessment and will inform the Committee and Administration of any significant changes to our risk assessment and any additional risks that are identified.

Consideration of the risk of fraud

We are required to consider the risk of fraud in the context of the financial statements as a whole, and in accordance with Canadian GAAS are required to perform certain procedures relating to fraud as part of our annual audit. Given the nature of The City's operations being a government organization, the risk of fraud is largely limited to financial reporting fraud, which we regard as inherently low risk but still requires a certain level of focus.

Fraudulent acts include the deliberate failure to record transactions, forgery of records and documents and intentional misrepresentations made to our audit engagement team. Fraud may include intentional acts by Administration or employees acting on behalf of The City, as well as employee fraud if Administration or employees are involved in actions that defraud The City. Deloitte does not assume that Administration is dishonest nor do we assume unquestioned honesty. Rather, in accordance with Canadian GAAS, we exercise professional scepticism and recognize that the conditions we observe and evidential matter we obtain, including that obtained from prior audit engagements, need to be objectively evaluated to determine whether the Financial Statements are presented fairly in all material respects.

Maintaining an attitude of professional scepticism means that we carefully consider the reasonableness of the responses we receive to our inquiries from those charged with governance, and evaluate other information obtained from them in light of the evidence we obtain during the audit. When we identify a misstatement or control deficiency, we consider whether it may be indicative of fraud and what the implications of fraud and significant error are in relation to other aspects of the audit, particularly the reliability of Administration representations.

Because of the inherent limitations of internal control over financial reporting ("ICFR"), including the possibility of collusion or improper Administration override of controls, it is possible that material misstatements due to error or fraud may not be prevented or detected on a timely basis. Accordingly, the

assurance an auditor provides concerning the lack of misstatements arising from fraud is necessarily lower than the assurance provided concerning those arising from an error.

Consideration of fraud

The following table explains our respective responsibilities towards fraud.

| Your responsibilities | Our responsibilities |
|--|--|
| <ul style="list-style-type: none"> The primary responsibility for the prevention and detection of fraud rests with Administration and the Committee, including the responsibility for establishing and maintaining internal controls over the reliability of financial reporting, ensuring the effectiveness and efficiency of operations, the identification of fraud risks and compliance with applicable laws and regulations. | <ul style="list-style-type: none"> We are required to obtain representations from Administration regarding internal controls, assessment of risk and any known or suspected fraud or misstatement. As independent auditors, we will obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error. |

In determining our audit strategy to address the assessed risks of material misstatement due to fraud, we will:

- Assign and supervise personnel, taking into account the knowledge, skill and ability of individuals with significant engagement responsibilities and our assessment of the risks of material misstatement due to fraud for the engagement;
- Evaluate whether The City's selection and application of accounting policies, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from Administration; and
- Incorporate an element of unpredictability when selecting the nature, timing and extent of our audit procedures.

We will inquire directly of the Committee regarding:

- Its views about the risk of fraud;
- Whether it has knowledge of any actual or suspected fraud affecting The City; and
- The role it exercises in the oversight of fraud risk assessment and the establishment of mitigating controls.

We will also inquire if the Committee is aware of tips or complaints regarding The City's financial reporting (including those received through the Committee's internal whistleblower program) and, if so, the Committee's responses to such tips and complaints.

If we suspect fraud involving Administration, we will communicate these suspicions to the Committee and discuss the nature, timing and extent of audit procedures necessary to complete the audit.

Information technology

An important part of our audit planning process involves gaining an understanding of:

- The importance of the computer environment relative to the risks to financial reporting;
- The way in which that environment supports the control procedures we intend to rely on when conducting our audit; and
- The computer-based information that supports our substantive procedures.

The objective of our review of computer controls is to identify potential areas of risk and assess the relevance, reliability, accuracy and completeness of the data produced by the systems. We also assess the operating effectiveness of the computer environment and determine the reliability of the financial information used to generate the Financial Statements. To accomplish this, we gain an up-to-date understanding of The City's computer processing environment and our understanding of the relevant general computer controls. We then conduct tests to support our conclusion on the operating effectiveness of controls considered relevant to the audit.

We will assess the design and effectiveness of general computer controls in the following areas:

- Data centre and network operations;
- System software acquisition, change and maintenance;
- Program change;
- Access security; and
- Application system acquisition, development and maintenance.

The City currently operates PeopleSoft version 9.1 for their Human Resources module ("HCM") and financial module ("FSCM") and version 9.0 for their Client Relationship Management module ("CRM"). The most up to date version available from PeopleSoft is 9.2.

The HCM module underwent an upgrade in 2011 and the FSCM module underwent an upgrade in 2012. The City implemented the e-Bill Payment (a new module as part of FSCM) in 2013. Current plans are for HCM to be upgraded to version 9.2 in 2016 and FSCM to be upgraded to version 9.2 in 2017.

Windows 7 is the primary operating system used on The City's computers.

3. Developing and executing the audit plan

The performance of an audit includes evaluating the design and determining the implementation of internal controls relevant to the audit, testing the operational effectiveness of the controls we intend to rely on, and performing substantive audit procedures.

Audit procedures

The timing of our audit procedures is dependent upon a number of factors including the need to coordinate with Administration for the provision of supporting analysis and other documentation. Generally, we perform our audit procedures to allow us sufficient time to identify significant issues early, thereby allowing more time for analysis and resolution.

For example, we anticipate performing audit procedures on account balances and disclosures involving significant and complex transactions or adoption of new accounting pronouncements, as they occur.

Tests of controls

As part of our audit, we will review and evaluate certain aspects of the systems of ICFR to the extent we consider necessary in accordance with Canadian GAAS. The main objective of our review is to enable us to determine the nature, extent and timing of our audit tests and establish the degree of reliance that we can place on selected controls. An audit of the financial statements is not designed to determine whether internal controls were adequate for Administration's purposes or to provide assurance on the design or operational effectiveness of ICFR.

The extent to which deficiencies in internal control may be identified through an audit of financial statements is influenced by a variety of factors including our assessment of materiality, our preliminary assessment of the risks of material misstatement, our audit approach and the nature, timing and extent of the auditing procedures that we conduct. Accordingly, we gain only a limited understanding of controls as a result of the procedures that we conduct during an audit of financial statements.

We will inform the Committee and Administration of any significant deficiencies that are identified in the course of conducting the audit.

Substantive audit procedures

Our substantive audit procedures consist of a tailored combination of analytical procedures and detailed tests of transactions and balances. These procedures take into account the results of our controls tests and are designed to enable us to obtain reasonable assurance that the Financial Statements are free from material misstatements. To obtain this assurance, misstatements that we identify while performing substantive auditing procedures will be considered in relation to the Financial Statements as a whole. Any misstatements that we identify, other than those that are clearly trivial (the threshold has been set at \$2,500,000) will be reported to Administration and the Committee. In accordance with Canadian GAAS, we will request that misstatements be corrected.

4. Reporting and assessing performance

Perform post-engagement activities

We will analyze the results of the audit procedures performed throughout the year and, prior to rendering our report, we will conclude whether:

- The scope of the audit was sufficient to support our opinion; and
- The misstatements identified during the audit do not result in financial statements being materially misstated.

Complete engagement reporting

After the satisfactory completion of appropriate audit procedures, we will provide an audit report on your Financial Statements.

We also provide reports to the Committee to assist it in fulfilling its responsibilities as required by applicable auditing standards. Appendix 4 summarizes the required communications between Deloitte and the Committee.

Deloitte enjoys a solid reputation for our **commitment to quality**. Key factors supporting that reputation include:

- A strong tone at the top
- A comprehensive ethics and compliance program
- An uncompromising approach to quality in client service
- Communication of and adherence to professional standards and client service principles
- A mature client feedback program
- A multifaceted approach to monitoring independence
- A robust technical consultation approach
- National office consultation on areas of high risk or that require significant judgment
- Technical training for our professionals
- An annual internal inspection process for audit engagements
- Continuous improvement based on lessons learned and client feedback

Deloitte's client service principles include providing Administration and the Committee with insights into the condition of the business and offering meaningful suggestions for improvement. We will report these insights and suggestions to the appropriate members of Administration and/or the Committee for their consideration.

To enable us to determine how well we have achieved our client service objectives, including an assessment of the quality of our audit engagement, we actively solicit feedback from our clients. This feedback will be obtained either through meetings with members of the Committee and Administration or their completion of questionnaires.

Your feedback enhances our understanding of your expectations of us through your evaluation of our performance. The information you provide helps us refine our client service objectives to ensure that we remain focused, responsive and proactive in meeting your needs while fulfilling our professional responsibilities.

5. Leveraging technology

Our audit approach utilizes fully automated, paperless audit software where information and supporting schedules are prepared and exchanged electronically. Our audit software facilitates leveraging what The City already prepares as part of account analysis and financial closings and allows us to share files and work papers with our engagement team members. We use other web-based connectivity tools and file interrogation software to quickly and comprehensively analyze data.

Our audit software supports the full lifecycle of an audit engagement. The proprietary software we use is globally connected and allows for real-time tracking, ultimately providing better status reporting to our clients. Our software leverages industry guidance and knowledge so that we tailor our approach in a meaningful way to reflect the nuances of our clients' businesses. Our ability to customize our software to each client's specific situation enables us to have more engaging business conversations. In addition, our software allows us to track findings and observations noted throughout the course of our audit, enabling us to provide our clients with more meaningful insights and discuss any issues as they arise with fewer surprises.

The tools described in the following table help us determine our audit scope, prepare consistent audit work papers and files, conduct analytical procedures, select data for testing, accumulate audit results and monitor progress to provide for the timely completion of tasks. In addition, we intend to make full use of The City's own technologies to gain further efficiencies.

| Technology | Description | Benefits |
|--|---|---|
| Deloitte Audit System | Deloitte's audit software, incorporating audit-specific templates, reference materials, support documents and Administration insights | Rapid and effective electronic transfer of information among the audit team members |
| Journal Entry Data Analysis Routines (JEDAR) and Journal Entry Tool (JET) | Exploratory data analysis (JEDAR) and file interrogation procedures (JET) are used to profile journal entry populations, with the objective of identifying journal entries of interest with respect to Administration override of controls | Helps audit teams focus more effectively on high-risk areas for fraud in journal entry testing analysis. Reduces the time necessary to perform profiling and allows for testing that could not have been conducted manually |
| Audit Command Language (ACL) | Market-leading technology for data inquiry, analysis and reporting | Allows unconstrained analysis of your data files |
| Deloitte Technical Library | A comprehensive online compilation of accounting and financial disclosure literature that allows Deloitte to research specific accounting issues and functions through access to authoritative literature from pertinent regulatory bodies, as well as our own interpretations and guidance | The extensive accounting and reporting guidance helps support the quick and efficient research of complex accounting matters |
| Statistical Techniques for Analytical Review (STAR) | A tool that helps us understand relationships between accounts and how they compare and contrast to independent data by use of mathematical regression analysis | Allows effective testing of large data sets where there are historical relationships, such as for sales and cost of sales information. Testing with STAR takes a fraction of the time that traditional procedures require |
| Deloitte OnLine | A secure, interactive knowledge-sharing and project collaboration platform for our engagement teams and clients | Allows information, leading practices, and ideas to be disseminated. Supports efficient access, interactive productivity, and communication |

Audit analytics

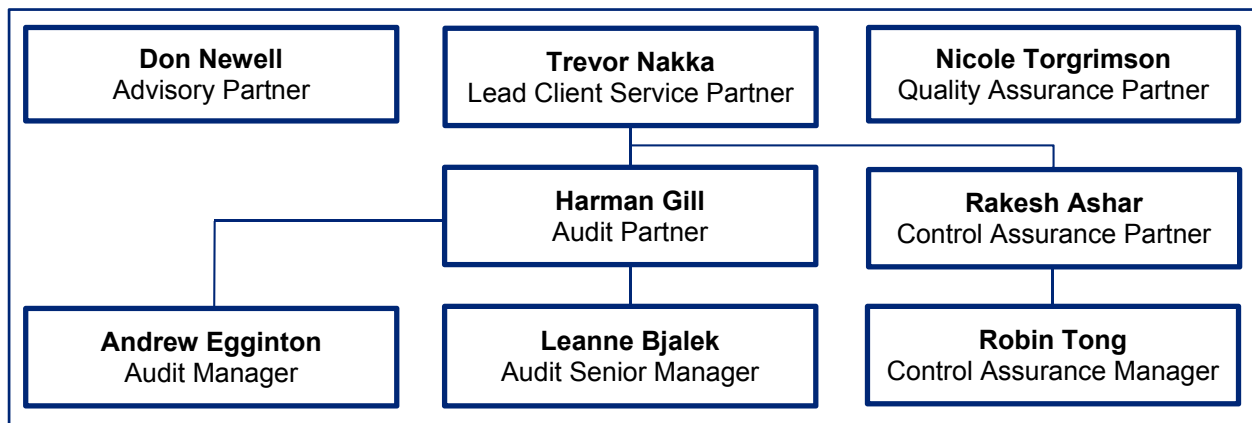
Traditional audit procedures depend on sampling large populations and many manual testing procedures. Embedding audit analytics in our audit strategy provides more insights into process improvements and data integrity as well as potentially identifying insights into the data that could not be gathered through traditional sampling methods. We plan to leverage audit analytics in our detailed testing of property taxes and payroll which will bring greater coverage and more precise focus on the most risky transactions by selecting all or a large part of the data, and profiling that data into risk categories and testing higher risk areas.

Appendix 2 – Audit team

Our audit team members have been chosen for their experience and expertise. Trevor Nakka and/or Harman Gill will attend all Audit Committee meetings and will be accompanied by one or more additional engagement team members, depending on the meeting agenda.

The key members of the core audit engagement of The City of Calgary and related subsidiaries are listed below:

The City of Calgary



Related Subsidiaries



Appendix 3 - Summary audit timeline

This calendar indicates our various procedures and meetings as planned throughout the year:

| Procedures: | August | September | October | November | December | January | February | March | April | May | June |
|---|--------|-----------|---------|----------|----------|---------|----------|-------|-------|-----|------|
| Audit planning including scope, risks of fraud, and fees | ● | | | | | | | | | | |
| Audit procedures performed on areas of risks, areas of focus and significant and complex transactions | | | | ● | | | | ● | | | |
| Interim audit procedures related to the financial statements | ● | | | ● | | | | | | | |
| Final audit procedures related to the financial statements | | | | | | | | ● | | | |
| Discuss audit planning, scope, risks of fraud and fees | | | ● | | | | | | | | |
| Communicate the status of our audit against our plan and any major difficulties encountered | | | | | | | | | ● | | |
| Review the results of our audit and provide audit report | | | | | | | | | ● | | |
| Review of the annual report to citizens | | | | | | | | | ● | | |
| Release of audit report | | | | | | | | | ● | | |
| Present 2015 year-end audit management letter | | | | | | | | | | | ● |

Appendix 4 – Communication requirements

| Required communication | Reference | Timing of communication | |
|--|-----------------------------|------------------------------|----------|
| | | Each period the event occurs | Annually |
| 1. Fraud or possible fraud identified through the audit process | CAS ¹ 240.40-.42 | ● | |
| 2. Our responsibilities under Canadian GAAS | CAS 260.14 | | ● |
| 3. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> • Timing of the audit • Significant risks, including fraud risks • Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risks | CAS 260.15 | | ● |
| 4. Significant accounting policies, practices, unusual transactions and our related conclusions | CAS 260.16 a. | ● | ● |
| 5. Alternative treatments for accounting policies and practices that have been discussed with Administration during the current audit period | CAS 260.16 a. | | ● |
| 6. Our responsibility for other information in documents containing audited Financial Statements (e.g., FSD&A), any procedures performed, and the results | | | ● |
| 7. Consultation outside the engagement team regarding difficult or contentious matters that we believe are relevant to the Committee's oversight | | ● | ● |
| 8. Matters related to going concern | CAS 570.23 | | ● |
| 9. Administration judgments and accounting estimates | CAS 260.16 a. | | ● |
| 10. Significant transactions outside of the normal course of business | CAS 260 App. 2, CAS 550.27 | ● | |
| 11. Significant difficulties, if any, encountered dealing with Administration related to the performance of the audit | CAS 260.16 b. | ● | ● |
| 12. Material written communications between Administration and us, including Administration representation letters | CAS 260.16 c. | | ● |
| 13. Other matters that are significant to the oversight of the financial reporting process | CAS 260.16d. | ● | |

¹ CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

| Required communication | Reference | Timing of communication | |
|---|--------------------|------------------------------|----------|
| | | Each period the event occurs | Annually |
| 14. All relationships between The City and us that, in our professional judgment, may reasonably be thought to bear on independence | CAS 260.17 | | ● |
| 15. A statement that, in our judgment, the engagement team and others in our firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence | CAS 260.17 | | ● |
| 16. Modifications to our opinion(s) | CAS 260.A18 | | ● |
| 17. Our views of significant accounting or auditing matters for which Administration consulted with other accountants and about which we have concerns | CAS 260.A19 | | ● |
| 18. Major issues discussed with Administration prior to our retention | CAS 260.A.19 | ● | |
| 19. Illegal or possibly illegal acts that come to our attention | CAS 250.23 | ● | |
| 20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements | CAS 265 | ● | ● |
| 21. Uncorrected misstatements and disclosure items | CAS 450.12-13 | | ● |
| 22. Breach of independence | CAS 260.17 and A22 | ● | |

Appendix 5 – Audit committee terms of reference

As the external auditors of The City we have the privilege of assisting the Audit Committee in the fulfillment of the Audit Committee's terms of reference. The following table outlines our involvement in the fulfillment of specific terms of reference and any reports that we will issue following the completion of the 2015 audit.

| Term of Reference | Description | Related Deloitte Involvement |
|-------------------|--|---|
| 4(c) | Pre-approves all audit and non-audit services performed by the External Auditor except as provided next. | All audit and non-audit services are presented to the Audit Committee for pre-approval prior to the commencement of such work. Independence letter summarizing the fees for all services performed to be presented to the Audit Committee at the April 2016 meeting. |
| 4(e) | Expects the External Auditor, as an expert in accounting and financial reporting, to express independent judgment about the appropriateness and acceptability of The City's financial statements, in accordance with professional standards. | Communicated in the year-end Audit report to be presented by Deloitte to the Audit Committee at the April 2016 meeting. |
| 4(f) | Prior to the commencement of the annual external financial audit, review the financial audit plan with the External Auditor. | 2015 Audit service plan presented by Deloitte on October 15, 2015. |
| 4(g) | 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. | Report of the Independent Auditor on the consolidated Financial Statements and year-end Audit report to be presented by Deloitte to the Audit Committee at the April 2016 meeting. |
| 4(h) | Receives and reviews the External Auditor's Administration letter(s), together with any administrative responses, and forward, either in full or in summary, to Council for information. | Letter of recommendations to be presented by Deloitte at the June 2016 meeting. |
| 4(i) | The Audit Committee meets with the External Auditor, in the absence of the Administration, at least quarterly. | In-camera sessions held with Deloitte at Audit Committee meetings on October 15, 2015, at the April 2016 meeting and during additional Audit Committee meetings, as required. |
| 5(l) | Ensures that the combined work of the City Auditor and the External Auditor provides an appropriate level of audit coverage and is effectively coordinated. | Audit work completed will be discussed in the year-end Audit report to be presented by Deloitte to the Audit Committee at the April 2016 meeting. |

| Term of Reference | Description | Related Deloitte Involvement |
|-------------------|---|---|
| 7(a) | Oversees the integrity of, and reviews the annual Financial Statements and recommends their approval to Council. | Report of the Independent Auditor on the consolidated Financial Statements and year-end Audit report to be presented by Deloitte to the Audit Committee at the April 2016 meeting. |
| 7(b) | Reviews and discusses the City's compliance with financial reporting procedures with Administration, the City Auditor and the External Auditor. | Report of the Independent Auditor on the consolidated Financial Statements and year-end Audit report to be presented by Deloitte to the Audit Committee at the April 2016 meeting. Letter of recommendations to be presented by Deloitte at the June 2016 meeting. |
| 7(c) | Engages Administration, the City Auditor and the External Auditor in candid discussions regarding issues that may alter judgment or affect the quality of the reporting process and search for insight into the results. | Participation and attendance by Deloitte at Audit Committee meetings throughout the year. |
| 7(d) | Maintains open lines of communication with the External Auditor, City Auditor and Administration. | Participation and attendance by Deloitte at Audit Committee meetings throughout the year. |
| 11(b)(i) | Review reports from Administration and from the City Auditor as to the adequacy and effectiveness of corporate policies such as legal matters, regulations, ethical principles, code of conduct and conflict of interest. | Year-end Audit report to be presented by Deloitte to the Audit Committee at the April 2016 meeting includes our notification of whether any violations of this nature have come to our attention. |

Appendix 6 – New Financial Reporting Standards

Significant new financial reporting standards and other regulatory requirements that are likely to impact The City's financial reporting for the current and future audits are:

| Standards | Effective Date |
|---|---|
| <i>Liability for Contaminated Sites</i> , Section PS 3260 | Fiscal years beginning on or after April 1, 2014.* Earlier adoption is encouraged. |
| <i>Related Party Disclosures</i> , Section PS 2200 | Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. |
| <i>Assets</i> , Section PS 3210 | Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. |
| <i>Contingent Assets</i> , Section PS 3320 | Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. |
| <i>Contractual Rights</i> , Section PS 3380 | Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. |
| <i>Inter-entity Transactions</i> , Section PS 3420 | Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. |
| Introduction to Public Sector Accounting Standards | Fiscal years beginning on or after January 1, 2017. |
| <i>Restructuring Transactions</i> , Section PS 3430 | Fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. |
| <i>Foreign Currency Translation</i> , Section PS 2601 | Fiscal years beginning on or after April 1, 2019 except for government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook. Earlier adoption is permitted when adopting Sections PS 1201 and PS 2601. |
| <i>Financial Instruments</i> , Section PS 3450 | Fiscal years beginning on or after April 1, 2019. Except for government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook. Earlier adoption is permitted when adopting Sections PS 1201 and PS 2601. |
| <i>Financial Statement Presentation</i> , Section PS 1201 | When Sections PS 2601 and PS 3450 are adopted. |
| <i>Portfolio Investments</i> , Section PS 3041 | When Sections PS 1201, PS 2601 and PS 3450 are adopted. |

*This standard is applicable for fiscal 2015

Appendix 7 – The Deloitte client service commitment

Seamless and effective delivery focused on your specific needs

The City is important to Deloitte. Your organization is unique and it deserves a customized approach to the services we provide. Our service plan is built on a tailored set of service commitments that guide the delivery of every aspect of our audit services. Our client service assessment, which is central to our philosophy, emphasizes the importance of listening to your expectations, reassessing your needs based on the feedback you provide to us in the assessment process and responding with actions and results. We strive to continually raise the bar by improving processes and adding value while delivering an effective and efficient audit.


Our approach to client service excellence

At Deloitte, our objective is to execute our audit in a way that meets our professional standards and also creates a positive client experience.


Our client service principles provide the framework for guiding and coaching members of our engagement team, and identifying our clients' unique preferences regarding the ways they want to work with us. These principles enable our engagement teams to focus on client service excellence.

Our client service principles

We will:

 **Make** and meet our commitments to you by...

- Working with you to clearly define your expectations
- Delivering what is agreed upon
- Being easily accessible to you
- Providing valuable responses to all your inquiries
- Ensuring timeliness and accuracy in our billings

 **Understand** your business and what is important to you by...

- Anticipating your needs
- Understanding the unique characteristics of your business industry and operating circumstances

- **Provide** value and build trust through technical competence and consistent results by...
 - Instilling confidence and trust in the quality of our work
 - Providing you with up-to-date professional expertise
 - Providing value to your enterprise
 - Providing insights into the condition of the business and meaningful suggestions for improvement
- **Demonstrate** professionalism through effective interaction and communications by...
 - Keeping you informed of project status
 - Performing as a well-organized team
 - Working collaboratively with you
- Provide a **no surprises** experience by...
 - Proactively addressing issues
 - Providing timely communication of changes to fees
 - Effectively managing changes to the service team

At the conclusion of our audit, or at any time during the engagement, we invite you to assess our performance against these principles through our client feedback process.

Appendix 8 – Deloitte resources a click away

At Deloitte we are devoted to excellence in the provision of professional services and advice and to focusing on client service. To this end, we have developed numerous resources, which contain relevant and timely information accessible by our clients. Provided below is an overview of these resources, which are available through the Deloitte Portal.

| Canadian resources | Audience | Description and frequency |
|--|---|--|
| Centre for Corporate Governance www.corpgov.deloitte.ca | <ul style="list-style-type: none"> • Audit Committee members • Board members • CEO/CFO • Internal auditors • Legal counsel | Web site specifically designed to help board members with their responsibilities. |
| Deloitte Update www.deloitte.com/ca/update | <ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team | Learning webcasts offered throughout the year featuring Deloitte professionals discussing critical issues that affect your business. |
| On the agenda | <ul style="list-style-type: none"> • Audit Committee members • CEO/CFO • Internal auditors • Legal counsel | Bi-monthly e-newsletter for directors that focuses on recent developments affecting their responsibilities, including the points of view of Deloitte professionals. |
| IFRS resources | Audience | Description and frequency |
| IAS Plus web site www.iasplus.com | <ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals | Web site designed by Deloitte Touche Tohmatsu Limited that provides comprehensive information about international financial reporting. |
| IFRS in Focus | <ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals | E-newsletter that reviews the activities of the IASB, the IFRIC and the IASC Foundation Trustees, including summaries of recent Standards and Interpretations and proposals. |
| Private enterprise resources | Audience | Description and frequency |
| Privately Speaking | <ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals | Important news and relevant commentary for owners and managers of privately owned companies. |

| Not-for-profit organization resources | Audience | Description and frequency |
|---|---|--|
| A state of change | <ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals | Bi-monthly newsletter that discusses changes in accounting standards, rules and regulations on their organizations. |
| Government resources | Audience | Description and frequency |
| Public Sector Financial Administration Series | <ul style="list-style-type: none"> • CFO • Controller • Financial reporting team • Other accounting professionals | Seminar series to share thoughts and experiences that you and your finance team can use to navigate the current financial environment. |
| U.S. resources | Audience | Description and frequency |
| Accounting roundup www.deloitte.com/us/accountingroundup | <ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team | Monthly newsletter that focuses on the activities of the accounting standard-setters and regulators, including the FASB, EITF, IASB, and SEC. |
| U.S. resources | Audience | Description and frequency |
| Technical Library (DART) <i>Note: Subscribing to this service requires Audit Committee's preapproval</i> | <ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team | Comprehensive online library of accounting and financial disclosure literature. Subscription-based service. New option for PSAS-only standards, thought leadership and resources now available. |
| Heads Up www.deloitte.com/us/headsup | <ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team | Periodic newsletter that discusses the latest accounting and regulatory developments. |
| EITF Snapshot www.deloitte.com/us/eitfsnapshot | <ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team | Quarterly newsletter highlighting key points from Emerging Issues Task Force discussions. |
| US GAAP Plus www.usgaapplus.com | <ul style="list-style-type: none"> • Board members • Audit Committee members • CEO/CFO • Controller • Financial reporting team • Other accounting professionals | US GAAP Plus is a comprehensive source for news, publications and project updates about U.S. accounting standard setting. It covers the activities of the FASB, the PCAOB, the AICPA, the SEC and other U.S. accounting and auditing standard setters. |

Appendix 9 – Deloitte Portal

We strive to exceed your expectations and to leverage Deloitte resources to help you achieve your objectives.

The Deloitte Portal provides our clients and others with fast, direct access to Deloitte knowledge, tools, specialized sites, e-newsletters, webcasts and other external resources in four main areas:

- Financial information;
- Corporate governance;
- Learning resources; and
- Periodicals.

Each section also includes links to comparable sources of U.S. information.

It has been our experience that The City's Administration proactively communicates with us concerning critical issues related to the audit and other matters. We have noted that Administration takes its financial reporting responsibilities seriously. Our audit plan takes into account Administration's role in effectively monitoring changes in the business, changes in accounting and financial statement requirements, and other needs as they arise, such as the need for increased attention to International Financial Reporting Standards.

Access to the tools available through the Deloitte Portal, such as the financial reporting disclosure checklists and the accounting standards setting activities digests, facilitates the efficient and accurate preparation of financial statements. This helps avoid the need for costly, disruptive corrections resulting from audit findings and enables our audit professionals to focus on the required testing. Through the Deloitte Portal, you will also receive timely communication of needed information and quick access to a wide variety of resources to help your organization accomplish a variety of other tasks in addition to those related to your financial reporting.

Appendix 10 presents an illustrative list of the Deloitte Portal materials most frequently accessed. The top sites visited include those shown below:



Deloitte Learning Academy helps you keep up to date with the financial reporting knowledge and tools you need.



Deloitte Updates are informative, interactive webcasts conducted by Deloitte professionals to provide executives with new information and discussions about financial reporting and regulatory developments.



Deloitte's Directors' Series events are live satellite broadcasts to locations across the country to help Canadian corporate directors keep up with their learning requirements in a time of frequent change and new demands.



Centre for Corporate Governance is a web site specifically designed to help directors with their responsibilities.

Access to the Deloitte Portal is literally “a click away” using the following link www.deloitte.com/ca/portal.



www.deloitte.ca

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