

**Audit Resource Management Report to
Audit Committee
2019 June 27**

**ISC: UNRESTRICTED
AC2019-0672**

External Auditor 2018 Management Letter

EXECUTIVE SUMMARY

Presentation of the annual Management Letter received from Deloitte LLP, The City's External Auditor for 2018, relating to the audit of The City's 2018 consolidated financial statements.

ADMINISTRATION RECOMMENDATION:

That the Audit Committee:

1. Requests the External Auditor provide an update regarding the implementation status of the recommendations contained in the 2018 Management Letter (Attachment) at the 2020 January Audit Committee meeting; and
2. Recommends that Council receives this Report and Attachment for information.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2019 JUNE 27:

That Council adopt Administration Recommendation 2 contained in Report AC2019-0672.

PREVIOUS COUNCIL DIRECTION / POLICY

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

"receives and reviews the External Auditor's Management Letter(s), together with any Administration responses, and forward, either in full or in summary, to Council for information."

Schedule B, section 1(f)

BACKGROUND

At the 2019 April 23 Audit Committee Meeting the External Auditor, Deloitte LLP, presented their 2018 External Auditor's Year-End Report, AC2019-0438. This report was subsequently received for information by Council at their 2019 April 29 Combined Meeting.

The External Auditor has prepared their annual Management Letter to The City's Administration regarding identified matters that may be of interest to Administration as well as an update on matters identified during prior year end audits.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration has reviewed and responded to each recommendation in the External Auditor's Management Letter and have also provided updates with respect to previous year's findings and recommendations as applicable.

Audit Committee should consider ensuring that the recommendations made by the External Auditor are implemented after an appropriate interval of time, by directing that the External Auditor prepare a follow-up report for the Audit Committee's 2020 January meeting.

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Stakeholder Engagement, Research and Communication

Administration has been asked to review and respond to the recommendations in the External Auditor's 2018 Management Letter. Administration and the External Auditor have discussed the observations, recommendations and responses.

Strategic Alignment

Council Priority: A well-run city. Calgary's government is open, responsive, accountable and transparent, delivering excellent services at a fair price. We work with our government partners to ensure we have the tools we need.

Social, Environmental, Economic (External)

Not applicable.

Financial Capacity

Current and Future Operating Budget:

There is a line item in the Audit Committee budget for external auditing services. There are no Operating Budget implications for this report.

Current and Future Capital Budget:

There are no Capital Budget implications for this report.

Risk Assessment

Recommendations made by the external auditor at the conclusion of the audit of the 2018 City of Calgary financial statements are followed up in 2020 January to provide a report on the status of Administration's implementation of the management letter points.

REASON FOR RECOMMENDATION:

This report is for information only and is provided pursuant to Schedule B, section 1(f) of the Audit Committee Bylaw 48M2012.

ATTACHMENT(S)

Deloitte LLP 2018 Management Letter