



Calgary Parking Authority

2014 Audit service plan

For the year ending December 31, 2014
Presented to the Audit Committee
November 6, 2014

Instilling
confidence



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October 28, 2014

To the Chairman and Members of the Audit Committee
of Calgary Parking Authority

Dear Audit Committee Members:

We are pleased to present our 2014 audit service plan for Calgary Parking Authority (the "Authority"), which describes our audit scope and strategy, our protocols for communication with the Audit Committee (the "Committee") and management, and other services we provide for the Authority.

We are proud of our relationship with the Authority. 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 management and quality. We will focus our efforts on higher risk areas and coordinate our activities with management and make every effort to achieve audit efficiencies.

We are providing this audit service plan to the Committee on a confidential basis. It is intended solely for the use of the Committee and the Board of Directors to assist them in discharging their responsibilities with respect to the financial statements of the Authority for the year ending December 31, 2014, prepared in accordance with International Financial Reporting Standards ("IFRS") (the "Financial Statements") and is not intended for any other purpose.

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

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

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 Authority and the business environment. Our procedures include identifying and analyzing issues and facts relevant to our audit conclusions and providing objective challenges to management's judgments and assumptions.

Our audit approach involves consideration of the following:

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 the Board of Directors, and is included in Appendix 4.</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 Authority.</p> <p>We are independent of the Authority 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>Materiality levels are determined on the basis of budgeted revenue. Our preliminary estimate of materiality for 2014 is \$2,300,000 (2013, \$2,100,000). We will update the Committee on the final materiality level in our year-end report.</p> <p>We will report to the Committee all uncorrected misstatements greater than a clearly trivial amount of \$115,000 (2013, \$105,000), computed as 5% of materiality, and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian generally accepted auditing standards ("Canadian GAAS"), we will request that misstatements, if any, be corrected.</p>
Audit risks	<p>We have identified the following areas of significant risk for our 2014 audit:</p> <ul style="list-style-type: none">• Revenue recognition,• 2013 Flood – recognition of revenue relating to insurance proceeds and provincial funding and valuation of property and equipment,• Valuation of long-term investments, and• Management override of controls. <p>See the Risk assessment section for further discussion of identified risks of material misstatement and related audit responses.</p>

Audit team	Our audit team is led by Nicole Torgrimson, Lead Client Service Partner and Harman Gill, the audit engagement partner. Ms. Torgrimson and Ms. Gill are responsible for all services provided to the Authority and will be supported by a team that includes Alida Holt, audit manager and field staff.
Audit fees	<p>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 management. Furthermore, our current audit plan builds upon the successes achieved in 2013.</p> <p>We have challenged our professionals to identify engagement efficiencies and considered their suggestions when developing our audit plan.</p> <p>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.</p> <p>We will seek the Committee's pre-approval before commencing the additional procedures arising from any unexpected changes.</p> <p>We propose audit fees of \$81,000 (2013, \$79,000). In addition to the audit fee, we propose an additional amount of \$5,000 (2013, \$5,000) to perform audit procedures on the adjustments required to reconcile the financial statements of the Authority from IFRS to Public Sector Accounting Standards ("PSAS"). These fees exclude the 7% administration charge and GST.</p>
Complete engagement reporting	<p>Upon the satisfactory completion of our audit, including the receipt of written representations from management, 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 3 summarizes the required communications between Deloitte and the Committee.</p>

Risk assessment

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

- Key business developments and transactions (internal and external),
- Current business, regulatory and accounting pronouncements and developments,
- Key management 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 management and the internal auditors in performing their risk assessment.

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

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 Authority.

Areas of significant risk for 2014

Revenue recognition – ParkPlus, Parking Control and Cell Phone Revenue	
Audit risk	Assurance standards include the presumption of a significant risk of fraud in revenue recognition. We have pinpointed this risk to revenue relating to the ParkPlus System™ (“Parkplus”), Parking Control and Cell Phone revenue which may be understated or inaccurately recorded. Parking control revenue could also be misclassified.
Our proposed audit response	We will make enquiries of management regarding relevant internal controls to assist them in ensuring the accuracy and completeness of these revenue streams and the classification of Parking Control revenue. We will evaluate the design and implementation of those internal controls including testing of the reconciliations between ParkPlus, Beanstream and Peoplesoft. We will perform substantive audit procedures on these revenue streams.

2013 Flood – recognition of revenue relating to insurance proceeds and provincial funding and valuation of property and equipment

Audit risk	<p>The Authority has applied for insurance proceeds and provincial funding relating to the damages to property and equipment (parkades and surface lots) as well as business interruption insurance. The appropriate accounting treatment of the recognition of revenue has been assessed as a significant risk as the insurance and provincial claims are in progress and may not be finalized during fiscal 2014.</p> <p>In addition, the Authority has continued to incur expenditures related to the repair or betterment of the impacted property and equipment. The appropriate accounting treatment to capitalize betterments and expense repairs has been assessed as a significant risk.</p>
Our proposed audit response	<p>We will review the recognition of revenue from insurance proceeds and provincial funding based on the terms of the insurance proceed stipulations and receipt of provincial funds to ensure that this revenue has been recorded in the correct period.</p> <p>We will also review a sample of expenditures relating to the repair and betterment of assets to ensure that these costs have been appropriately expensed or capitalized.</p>

Valuation of long-term investments (relating to the Parking Structure Replacement Reserve and Cash-in-Lieu Deposits)

Audit risk	<p>The fair value of long-term investments is based on inputs other than quoted market prices and therefore, may include a number of valuation techniques.</p>
Our proposed audit response	<p>As these investments are held through the City of Calgary (the “City”) Treasury department, we will hold discussions with City personnel and perform procedures to assess the reasonableness and appropriateness of the fair value of long-term investments, including the valuation techniques and inputs used.</p>

Management override of controls

Audit risk	<p>Assurance standards include the presumption of a significant risk of management override of controls.</p> <p>Management is in a unique position to perpetrate fraud because of management’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 management and others, including the internal auditors, internal legal counsel and the Committee. We will consider the potential for bias in judgements 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 Authority’s fraud risk assessment and consider entity-level internal controls and internal controls over the closing and reporting process. We will tests journal entries that exhibit characteristics of possible management override of controls, identified using manual selection techniques.</p>

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, if any.

Consideration of fraud

Misstatements in the financial statements can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in the misstatement of the financial statements is intentional or unintentional.

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 management 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 management 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 Authority'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 management's effort to manage earnings, 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 Authority, 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 Authority'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 management, we will communicate these suspicions to the Committee and discuss the nature, timing and extent of audit procedures necessary to complete the audit.

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 IFRS. The audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by management, and evaluating the overall presentation of the Financial Statements. Our report on the Financial Statements and communications required by Canadian GAAS will be in accordance with our findings.

Internal control matters

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

Audit scope uncertainty

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

- A deterioration in the quality of the Authority's accounting records during the current year engagement compared to the prior year engagement,
- The identification of significant deficiencies in the Authority'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 Authority's financial reporting process or IT systems,
 - Changes in the Authority's accounting personnel, their responsibilities or their availability,
 - Changes in auditing standards,
 - Changes in the Authority'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 management 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.

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 Authority.



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,
- Coordinating our activities with Internal Audit, 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 management.

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 management of any significant changes to our risk assessment and any additional risks that are identified.

Consideration of the risk of fraud

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 management or employees acting on behalf of the Authority, as well as employee fraud if management or employees are involved in actions that defraud the Authority. Deloitte does not assume that management 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 management representations.

Because of the inherent limitations of internal control over financial reporting (“ICFR”), including the possibility of collusion or improper management 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.

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 your organization'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.

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 management 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, such as acquisitions, divestitures 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 financial statements is not designed to determine whether internal controls were adequate for management's purposes or to provide assurance on the design or operational effectiveness of internal control over financial reporting.

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 management 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 \$115,000), will be reported to management 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 3 summarizes the required communications between Deloitte and the Committee.

Deloitte's client service principles include providing management 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 management 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 management 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.

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.

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 Authority 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 life-cycle 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 Authority'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 management insights.	Rapid and effective electronic transfer of information among the audit team members.
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.

Appendix 2 – 2014 Summary Audit Timeline

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

	October	November	December	January	February	March
Procedures						
Audit procedures performed on significant audit risks and complex transactions	●				●	
Interim audit procedures related to the Financial Statements	●					
Final audit procedures related to the Financial Statements					●	
Meetings with the Committee to						
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 result of our audit and provide audit report					●	
Release of audit reports					●	

Appendix 3 – 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 risk 	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 management during the current audit period	CAS 260.16 a.		●
6. Our responsibility for other information in documents containing audited Financial Statements, any procedures performed, and the results			●
7. Consultation outside the engagement team regarding difficult or contentious matters that we believe are relevant to the audit committee's oversight		●	●
8. Matters related to going concern	CAS 570.23		●
9. Management judgments and accounting estimates	CAS 260.16 a.		●
10. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	●	
11. Significant difficulties, if any, encountered dealing with management related to the performance of the audit,	CAS 260.16 b.	●	●
12. Material written communications between management and us, including management representation letters	CAS 260.16 c.		●

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
13. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16d.	●	
14. All relationships between Authority 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 management consulted with other accountants and about which we have concerns	CAS 260.A19		●
18. Major issues discussed with management 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 4 – Engagement letter



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November 6, 2014

Private and confidential

Mr. Eric Sawyer, Chair
The Audit Committee of Calgary Parking Authority
620 – 9 Avenue SW
Calgary, AB T2P 1L5

Ms. Wendy Haidey, Controller
Calgary Parking Authority
620 – 9 Avenue SW
Calgary, AB T2P 1L5

Dear Sirs/Mesdames:

Deloitte LLP (“Deloitte” or “we” or “us”) is pleased to serve as your auditors for the year ending December 31, 2014. Ms. Nicole Torgrimson and Ms. Harman Gill will be responsible for the services that we perform for Calgary Parking Authority (the “Authority”). They will, as considered necessary, call upon other individuals with specialized knowledge, either in this office or elsewhere in our firm to assist in the performance of our services.

In addition to the financial statement audit we are engaged to provide under this engagement letter, we would also be pleased to assist the Authority on issues as they arise throughout the year. Hence, we hope that you will call Ms. Torgrimson and/or Ms. Gill whenever you believe Deloitte can be of assistance.

We will perform this engagement subject to the terms and conditions set forth herein and in the accompanying appendices.

The objective and scope of the audit

You have requested that we audit the financial statements of the Authority, which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (the “Financial Statements”).

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the Financial Statements.

Appendix A provides further information about the objective and scope of the audit.

The responsibilities of the auditor

We will conduct our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Canadian GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the Financial Statements 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the Financial Statements that we have identified during the audit.

The audit of the Financial Statements by Deloitte does not relieve management or the Audit Committee of their respective responsibilities.

Appendix A provides more information about Deloitte's responsibilities in respect of the audit.

The responsibilities of management and identification of reporting framework

Our audit will be conducted on the basis that management, under the oversight of the Audit Committee, acknowledge and understand that they have responsibility:

- For the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (“IFRS”);
- 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; and
- To provide us with:
 - Access to all information of which management is aware that is relevant to the preparation of the Financial Statements such as records, documentation and other matters;
 - Additional information that we may request from management for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Management's responsibilities in connection with this engagement are further described in Appendix B.

Use of third parties by management

Where management has engaged another party to assist it in fulfilling any of its responsibilities, management will continue to retain the responsibility for the preparation of its Financial Statements in accordance with IFRS.

Audit Committee's responsibilities and auditor communications

As auditors of the Authority, we report directly to the Audit Committee as it is directly responsible for the oversight of our work. We acknowledge that the Audit Committee is also responsible for recommending our appointment and compensation. The Audit Committee is also responsible for reviewing and approving the Authority's hiring policies regarding current and former partners and employees of Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

In accordance with Canadian GAAS, we are required to communicate with the Audit Committee about various matters in connection with our audit.

The Audit Committee's responsibilities and our communications with the Audit Committee are described in Appendix C.

Subscription services

Deloitte makes available to clients and non-clients, various educational, informational and other tools in the form of, among other things, newsletters, webcasts, podcasts, websites, database subscriptions, checklists, research reports, surveys and similar or related tools and services ("Subscriptions"). The Authority hereby confirms that any use or receipt by the Authority or its affiliates of these Subscriptions is approved by the Audit Committee in accordance with the Audit Committee's established pre-approval policies and procedures.

Inclusion of Deloitte reports in documents and public oral statements or references to Deloitte in other documents and on electronic sites

If the Authority intends to publish or otherwise reproduce in any document our report on the Authority's Financial Statements, or otherwise make reference to Deloitte in a document that contains other information in addition to the audited Financial Statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular or in a private placement memorandum), thereby associating Deloitte with such document, the Authority agrees that its management will provide Deloitte with a draft of the document to read and obtain our written consent for the inclusion or incorporation by reference of our report, or the reference to Deloitte, in such document before the document is printed and distributed. No other form of document is to be considered to signify our consent. The inclusion or incorporation by reference of our report in any such document would constitute the re-issuance of our report. Management agrees to provide adequate notice of the preparation of any such public documents. The Authority also agrees that it will notify us and obtain our written approval prior to including our report or financial statements with which we are associated on an electronic site. Further, it is agreed that in any electronic distribution, for example on the Authority's website, management is solely responsible for the accurate and complete reproduction of our report and the subject matter on which we reported.

This engagement letter, and our agreement to perform the services described in this engagement letter, does not constitute our consent to the use of our report in, or our agreement to be associated with any such documents published or reproduced by or on behalf of the Authority. Any request by the Authority to re-issue our report, to consent to its inclusion or incorporation by reference in an offering or other document, or to agree to its inclusion on an electronic site, will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such required services or modifications needed to our report for summarized financial statements. Fees for such services (and their scope) would be subject to our mutual agreement at such time and would be described in a separate engagement letter.

Reporting

In accordance with Canadian GAAS, we expect to issue a report at the completion of our audit in the form shown in Appendix D. The form and content of our report may need to be amended in the light of our audit findings.

Our ability to express an opinion and the wording of our opinion will, of course, be dependent on the facts and circumstances at the date of our report. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of this engagement. If we are unable to complete our audit or if our auditor's report requires modification, the reasons therefor will be discussed with the Audit Committee and the Authority's management.

Fees

We estimate that our base fees for this audit will be \$81,000 and an additional \$5,000 to perform audit procedures on the adjustments required to reconcile the financial statements of the Authority from IFRS to Public Sector Accounting Standards ("PSAS"), plus reasonable expenses, a 7% administrative charge and applicable taxes (such as Goods and Services Tax). These fees are based upon our understanding of the engagement scope as outlined in this letter. All invoices shall be due and payable when rendered.

Deloitte will monitor all work and assess fees (time and expenses) as they are incurred throughout the engagement. If circumstances arise, such as those described in Appendix E, and as a result the fees for any of the services outlined are likely to be greater than indicated due to the need for additional work, we will contact you to discuss the reason and seek your approval for this additional work.

Other matters

This engagement letter, including the appendices A through F attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

This engagement letter will continue in force for subsequent audits unless amended by the mutual consent of ourselves and the Authority.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the Financial Statements including our respective responsibilities.

Yours truly,

Chartered Accountants

Enclosure

The services and terms set forth in this letter are acknowledged and approved by the Audit Committee:
Calgary Parking Authority

Signature

Title

The services and terms set forth in this letter are accepted and agreed to by management:
Calgary Parking Authority

Signature

Title

Appendix A

The objective and scope of a financial statement audit and the responsibilities of the auditor

Calgary Parking Authority
Year ending December 31, 2014

The objective and scope of a financial statement audit

We will plan and perform the audit to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error. The Financial Statements subject to audit are those of the Authority, prepared by management, with oversight from the Audit Committee. The audit will enable us to express an opinion on whether the Financial Statements are prepared, in all material respects, in accordance with IFRS. The audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements. Our report on the Financial Statements and communications required by Canadian GAAS will be in accordance with our findings.

It is important to recognize that there are inherent limitations of an audit, where most of the audit evidence obtained is of a persuasive, rather than a conclusive nature. These limitations arise from the nature of financial reporting, the nature of audit procedures and the need for the audit to be conducted within a reasonable period of time and at a reasonable cost.

Financial reporting involves judgment by management in applying the requirements of IFRS to the facts and circumstances of the Authority. Many financial statement items will involve a degree of uncertainty, and there may be a range of acceptable interpretations or judgments that may be made.

The audit procedures we perform will be selected based on our judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. Because of the nature of fraud, including attempts at concealment and forgery, an audit designed and executed in accordance with Canadian GAAS may not detect a material fraud.

The performance of the audit within a reasonable period of time and at a reasonable cost requires us to plan the audit so that it will be performed in an effective manner, with audit effort directed to areas most expected to contain risks of material misstatement, whether due to fraud or error, and using selective testing and other means of examining populations for misstatements and drawing conclusions thereon.

Internal control over financial reporting

An independent audit conducted by Deloitte in accordance with Canadian GAAS is not a substitute for the maintenance of internal control necessary for the preparation of financial statements by management. Management's acknowledgment of its responsibility for the maintenance of internal control necessary for the preparation of financial statements does not imply that Deloitte will find that the internal control maintained by management has achieved its purpose or will be free of deficiencies.

We obtain an understanding of internal control relevant to the audit however, not all controls are relevant to every audit. We evaluate the design of controls relevant to the audit and determine whether they have been implemented. We are not, however, required to determine whether relevant controls are operating effectively. Although it is not required by generally accepted auditing standards, we may decide that for a particular engagement, it makes sense to rely on the effective operation of some controls in determining the substantive procedures we will perform. In this case, we would go beyond evaluating the design of

relevant controls and determining whether they have been implemented, to also test whether the controls on which we intend to rely are operating effectively. Accordingly, while generally accepted auditing standards require us to report to the Audit Committee any significant deficiencies that have come to our attention, we may not be aware of all significant deficiencies in internal control that do, in fact, exist.

Appendix B

Management's responsibilities

Calgary Parking Authority
Year ending December 31, 2014

Financial statements and the effectiveness of internal control over financial reporting

The Authority's internal control, including its accounting books and records or accounting systems, will reflect the needs of management, the complexity of its businesses, the nature of its risks and relevant laws or regulation. Management must determine what internal control is required, including how it is designed, implemented and maintained to achieve the Authority's objectives. Internal control, no matter how effective, can provide the Authority with only reasonable assurance about achieving its financial reporting objectives due to the inherent limitations of internal control.

The preparation and overall accuracy of the Financial Statements and their fair presentation in accordance with IFRS together with all required disclosures concerning internal control over financial reporting, is the responsibility of the Authority's management. Among other things, management has the responsibility for:

1. Establishing and maintaining effective internal control over financial reporting necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and informing Deloitte of deficiencies identified in the design or operation of internal control over financial reporting;
2. Informing Deloitte of any changes in the Authority's internal control over financial reporting that occurred during the year that have materially affected, or are reasonably likely to materially affect, the Authority's internal control over financial reporting;
3. Identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities and informing us of any known material violations of such laws or regulations;
4. Adjusting the Financial Statements to correct material misstatements;
5. Safeguarding assets;
6. Providing to us all information of which management is aware that is relevant to the preparation of the Financial Statements including, but not limited to, all financial records and related data including information on the recognition, measurement and disclosure of specific items, and copies of all minutes of meetings of shareholders, directors and committees of directors;
7. Providing additional information that we may request from management for the purpose of the audit;
8. Providing us with unrestricted access to persons within the Authority from whom we determine it necessary to obtain evidence; and
9. Informing Deloitte of facts that may affect the Financial Statements, of which management may become aware during the period from the date of the auditor's report to the date the Financial Statements are issued.

Representation letter

We will make specific inquiries of the Authority's management about the representations embodied in the Financial Statements and internal control over financial reporting. As part of our audit procedures, we will request that management provide us with a representation letter acknowledging management's responsibility for the preparation of the Financial Statements in accordance with IFRS and that the Financial Statements are fairly presented in accordance therewith.

We will ask management to affirm their belief that the effects of any uncorrected financial statement misstatements aggregated by us during the current audit engagement and pertaining to all the periods

presented are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole and that management has provided us with all relevant information and access as agreed in this engagement letter and has recorded and reflected all transactions in the Financial Statements.

We will require certain written representations from management in accordance with Canadian GAAS and will request additional representations to support other audit evidence relevant to the Financial Statements or one or more specific assertions therein. Those written representations are to be provided in the form of a representation letter addressed to Deloitte, as near as practicable to, but not after, the date of the auditor's report on the Financial Statements. Such representations will be for all financial statements and periods referred to in the audit report.

The responses to inquiries and related written representations of management required by Canadian GAAS are part of the evidential matter that we will rely on as auditors in forming our opinion on the Authority's Financial Statements.

Independence matters

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

Independence matters as a result of restrictions on providing certain services

In connection with our engagement, Deloitte, management, and the Audit Committee will assume certain roles and responsibilities in an effort to assist Deloitte in maintaining independence and ensuring compliance with Canadian independence rules. Deloitte will communicate to its partners and employees that the Authority is an attest client. Management of the Authority will ensure that the Authority, together with its subsidiaries and other entities (including special purpose entities) that comprise the Authority for purposes of the Financial Statements, has policies and procedures in place for the purpose of ensuring that neither the Authority nor any such subsidiary or other entity will act to engage Deloitte or accept from Deloitte any service that under Canadian independence rules or other applicable rules would impair Deloitte's independence. All potential services are to be discussed with Ms. Nicole Torgrimson and/or Ms. Harman Gill.

Independence matters relating to hiring

Deloitte must assess threats to independence created when a former Deloitte partner or member of the engagement team is employed by management. In order to assist Deloitte in maintaining independence, management should notify Ms. Torgrimson and/or Ms. Gill where substantive employment conversations have been had with a former or current Deloitte partner or engagement team member.

Fraud and error

Management is responsible for:

1. Designing and implementing programs and controls to prevent and detect fraud and error;
2. Informing us about all known or suspected fraud affecting the Authority involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the Financial Statements;
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, analysts, regulators, short sellers, or others;
4. Informing us of any information it might have regarding any concerns or allegations of potential errors in the selection of accounting policies or the recording of transactions affecting the Authority that have been communicated to it by employees, former employees, analysts, regulators, short sellers, or others, whether written or oral;

5. Informing us of its assessment of the risk that the Financial Statements may be materially misstated as a result of fraud; and
6. Communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole.

Related parties

The Authority agrees that it will provide us with the identity of the Authority's related parties, including changes from the previous period, the nature of the relationships between the Authority and these related parties and whether the Authority entered into any transactions with these related parties during the period and if so, the type and purpose of the transactions.

Appendix C

Audit Committee responsibilities and auditor communications

Calgary Parking Authority
Year ending December 31, 2014

Audit Committee responsibilities

The Audit Committee is responsible for the oversight of the financial reporting process, including management's preparation of the Financial Statements and monitoring of the Authority's internal control related to financial reporting and oversight of our work.

Communications with the Audit Committee

Canadian GAAS require that we communicate with the Audit Committee about a number of matters that are relevant to the financial reporting process.

Significant findings from the audit

We will communicate our views about significant qualitative aspects of the Authority's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. Should the need arise, we will communicate to the Audit Committee why we would consider a significant accounting practice that may be acceptable under IFRS, not to be the most appropriate to the particular circumstances of the Authority.

We will communicate, in writing, any significant deficiencies in internal control that we identify on the basis of the audit work performed. The purpose of our audit is to express an opinion on the Financial Statements. While the audit will include consideration of internal control relevant to the preparation of the Financial Statements in order to design audit procedures appropriate in the circumstances, it was not performed to express an opinion on the effectiveness of internal control.

In addition, we will communicate:

- any significant matters arising from the audit in connection with the Authority's related parties;
- any events or conditions identified that may cast doubt on the Authority's ability to continue as a going concern;
- any significant difficulties encountered during the audit;
- any significant matters arising from the audit that were discussed or subject to correspondence with management;
- written representations we are requesting;
- any material uncorrected inconsistencies or misstatements in fact we identify from reading the financial and non-financial information that are included in a document containing audited financial statements and our auditor's report; and
- any other matters that in our professional judgment are significant to the oversight of the financial reporting process.

Independence communications

In accordance with professional standards, we will disclose to the Audit Committee, in writing, all relationships between Deloitte and the Authority and its related entities, that in our professional judgment may reasonably be thought to bear on our independence and confirm to the Audit Committee in such letter whether, in our professional judgment, we are independent of the Authority within the meaning of the rules of professional conduct/code of ethics of our profession. For purposes of this paragraph, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

Fraud, error and illegal acts

If items of the following nature come to our attention, and in our judgment need to be reported to those charged with governance, we will report them directly to the Audit Committee:

1. Any fraud that involves management;
2. Any fraud involving employees who have significant roles in internal control;
3. Any fraud of which we become aware that has resulted or could result in a material misstatement of the Financial Statements;
4. Any other matters related to fraud, which in our judgment, are relevant to the responsibilities of the Audit Committee;
5. Instances of identified or suspected non-compliance with laws and regulations, other than when the matters are clearly inconsequential;
6. Individual uncorrected misstatements identified by us during the audit that were determined by management to be immaterial, both individually and in the aggregate, to the Financial Statements taken as a whole;
7. Uncorrected misstatements related to prior periods in the relevant classes of transactions, account balances or disclosures and the financial statements taken as a whole;
8. Questions regarding the honesty and integrity of management;
9. Matters that may cause future financial statements to be materially misstated; and
10. Significant misstatements resulting from error that were corrected by management.

We will also be making inquiries of the Audit Committee of any actual, suspected or alleged fraud affecting the Authority and whether the Authority is in compliance with laws and regulations that may have a material effect on the Financial Statements.

We will inform the appropriate level of management of the Authority and determine that the Audit Committee is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal acts are clearly inconsequential.

The matters communicated will be those that we identify during the course of our audit. Our audit would not identify all matters that may be of interest to management or the Audit Committee in discharging its responsibilities. Communication with the appropriate level of authority in the organization's management and with those charged with governance will be determined by the type and significance of the matter to be communicated.

We will also make inquiries of the Audit Committee as to whether any subsequent events have occurred that may affect the Financial Statements, including matters discussed at meetings of the Audit Committee after December 31, 2014.

Appendix D

Expected form of audit report

Calgary Parking Authority
Year ending December 31, 2014

We will provide you with our report on the Financial Statements, which is expected to be in the following form. However, the final form will reflect the results of our audit.

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Calgary Parking Authority

We have audited the accompanying financial statements of Calgary Parking Authority, which comprise the statement of financial position as at December 31, 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Parking Authority as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

(To be signed Deloitte LLP)

Chartered Accountants

[Date of the auditor's report]

Appendix E

Circumstances affecting timing and fee estimate

Calgary Parking Authority
Year ending December 31, 2014

The fees quoted for the audit are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates and our fee estimate. As a result, additional fees may be necessary. Such circumstances include, but are not limited to, the following:

Audit facilitation

1. Changes to the timing of the engagement at the Authority's request. Changes to the timing of the engagement usually require reassignment of personnel used by Deloitte in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, Deloitte may incur significant unanticipated costs.
2. All audit schedules are not (a) provided by the Authority on the date requested, (b) completed in a format acceptable to Deloitte, (c) mathematically correct, or (d) in agreement with the appropriate Authority records (e.g., general ledger accounts). Deloitte will provide the Authority with a separate listing of required schedules, information requests, and the dates such items are needed.
3. Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents).
4. Deterioration in the quality of the Authority's accounting records during the current year engagement in comparison with the prior-year engagement.
5. A completed trial balance, referenced to the supporting analyses, schedules and Financial Statements, is not provided timely by the Authority.
6. Draft Financial Statements with appropriate supporting documentation are not prepared accurately and timely by the Authority's personnel.
7. Electronic files in an appropriate format and containing the information requested are not provided by the Authority on the date requested for our use in performing file interrogation. Deloitte will provide the Authority with a separate listing of the required files and the dates the files are needed.
8. The engagement team, while performing work on the Authority's premises, is not provided with access to the Internet for purposes of conducting the engagement.

Significant issues or changes

1. Significant deficiencies are identified in the Authority's internal control that result in the expansion of our audit procedures.
2. A significant level of proposed audit adjustments is identified during our audit.
3. A significant number of drafts of the Financial Statements are submitted for our review or we identify a significant level of deficiencies in the draft Financial Statements.
4. Significant new issues or changes arise as follows:
 - a. New accounting issues.
 - b. Changes in accounting policies or practices from those used in prior years.
 - c. Events or transactions not contemplated in our budgets.
 - d. Changes in the Authority's financial reporting process or IT systems.
 - e. Changes in the Authority's accounting personnel, their responsibilities, or their availability.
 - f. Changes in auditing standards.
 - g. Change in the Authority's use of specialists or the specialists and / or their work product does not meet the qualifications required by Canadian GAAS for our reliance upon their work.
5. Changes in audit scope caused by events that are beyond our control.

Appendix F

General business terms

Calgary Parking Authority
Year ending December 31, 2014

The following general business terms (the “Terms”) apply to the engagement except as otherwise provided in the specific engagement letter agreement (the “engagement letter”) between Deloitte LLP (“Deloitte”) and Calgary Parking Authority (the “Authority”) to which these Terms are attached.

1. **Timely performance** - Deloitte will not be liable for failures or delays in performance that arise from causes beyond Deloitte’s control, including the untimely performance by the Authority of its obligations as set out in the engagement letter.
2. **Right to terminate services** - If the Authority terminates the engagement or requests that Deloitte resign from the engagement prior to its completion, the Authority will pay for time and expenses incurred by Deloitte up to the termination or resignation date together with reasonable time and expenses incurred to bring the services to a close in a prompt and orderly manner. Deloitte will not be responsible for any loss, cost or expense resulting from such termination or resignation. Should the Authority not fulfill its obligations set out herein or in the engagement letter, and in the absence of rectification by the Authority within thirty (30) days of notification in writing by Deloitte, upon written notification Deloitte may terminate its services immediately and will not be responsible for any loss, cost or expense resulting from such early termination.
3. **Fees and taxes** - Any fee estimates take into account the agreed-upon level of preparation and assistance from Authority personnel. Deloitte undertakes to advise management of the Authority on a timely basis should this preparation and assistance not be provided or should any other circumstances arise which cause actual time to exceed that estimate. The Authority is responsible for the payment of any applicable federal, provincial or other goods and services or sales taxes, or any other taxes or duties, in connection with the services provided by Deloitte.
4. **Expenses** - In addition to professional fees, the Authority will reimburse Deloitte for its reasonable out-of-pocket expenses including travel, meals and hotels incurred in connection with this engagement.
5. **Billing** - Invoices will be rendered periodically as agreed in advance. All invoices shall be due and payable when rendered. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an invoice which remains unpaid from thirty (30) days after the invoice date to the date on which the outstanding invoice is paid. To the extent that as part of the services to be performed by Deloitte as described in the engagement letter, Deloitte personnel are required to perform the services in the United States of America (“U.S. Business”), the Authority and Deloitte agree to assign performance of the U.S. Business to Deloitte Canada LLP, an affiliate of Deloitte. All services performed by Deloitte Canada LLP shall be performed under the direction of Deloitte which shall remain responsible to the Authority for such services. Deloitte Canada LLP shall invoice the Authority with respect to the U.S. Business and Deloitte will invoice for services performed in Canada (“Canadian Business”). Payment for U.S. Business and/or Canadian Business can be settled with one payment to Deloitte.
6. **Governing law** - The engagement will be governed by the laws of the Province where Deloitte’s principal office performing the engagement is located and all disputes related to the engagement shall be subject to the exclusive jurisdiction of the courts of such Province.
7. **Working papers** - All working papers, files and other internal materials created or produced by Deloitte related to the engagement are the property of Deloitte. In the event that Deloitte is requested by the Authority or required by subpoena or other legal or regulatory process to produce its files related to this engagement in proceedings to which Deloitte is not a party, the Authority will reimburse Deloitte for its professional time and expenses, including legal fees, incurred in dealing with such matters.

8. **Privacy** - Deloitte and the Authority acknowledge and agree that, during the course of this engagement, Deloitte may collect personal information about identifiable individuals (“Personal Information”), either from the Authority or from third parties. Deloitte’s services are provided on the basis that the Authority has obtained any required consents for collection, use and disclosure to us of Personal Information required under applicable privacy legislation. The Authority and Deloitte agree that Deloitte will collect, use and disclose Personal Information on behalf of the Authority solely for purposes related to completing this engagement, related engagements, or providing services to the Authority and Deloitte shall not collect, use and disclose such Personal Information for Deloitte’s own behalf or for its own purposes.
9. **Third parties** - Deloitte’s engagement is not planned or conducted in contemplation of or for the purpose of reliance by any third party (other than the Authority and any party to whom Deloitte’s audit report is addressed) or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.
10. **Confidentiality** - To the extent that, in connection with this engagement, Deloitte comes into possession of Personal Information or any proprietary or confidential information of the Authority (collectively, “Confidential Information”), Deloitte will not disclose such information to any third party without the Authority’s consent, except:
 - (a) as may be required or permitted by legal authority, the rules of professional conduct/code of ethics;
 - (b) to Deloitte Entities (as such term is defined below), component auditors and permitted subcontractors; or
 - (c) to the extent that such information shall have otherwise become publicly available.Except as instructed otherwise in writing, each party may assume that the other approves of properly addressed fax, e-mail (including e-mail exchanged via internet media) and voice mail communication of both sensitive and non-sensitive information and other communications concerning this engagement, as well as other means of communication used or accepted by the other.
11. **Assignment** - Except as provided below in paragraph 12, no party may assign, transfer, or delegate any of its rights or obligations relating to this engagement without the prior written consent of the other parties.
12. **Subcontracting** - Deloitte may use the services of any of its affiliates or any member firm of Deloitte Touche Tohmatsu Limited (“DTTL”) and its respective subsidiaries and affiliates, including those operating outside Canada (“Deloitte Entities”), component auditors or, with the consent of the Authority, of any other party. Deloitte remains responsible to the Authority for services performed by Deloitte Entities under this engagement. Each member firm of DTTL is a separate and independent legal entity operating under the names “Deloitte”, “Deloitte & Touche”, “Deloitte Touche Tohmatsu” or other related names; and services are provided by member firms or their subsidiaries or affiliates and not by DTTL.
13. **Survival of terms** - The agreements and undertakings of the Authority contained in the engagement letter, together with the appendices to the engagement letter including these Terms, will survive the completion or termination of this engagement.
14. **Proportionate liability** - The Authority and Deloitte acknowledge where the audit is conducted pursuant to a statute governing the Authority that contains proportionate liability provisions that apply to an auditor, such as the Canada Business Corporations Act, the terms of the statute shall apply to this engagement. In the event that the Authority and Deloitte are not subject to such statutory provisions regarding proportionate liability, the Authority agrees that in any action, claim, loss or damage arising out of the engagement, Deloitte’s liability will be several and not joint and several and the Authority may only claim payment from Deloitte of Deloitte’s proportionate share of the total liability based on the degree of fault of Deloitte as finally determined by a court of competent jurisdiction.
15. **Client misrepresentation** - Deloitte shall not be liable to the Authority, and the Authority releases Deloitte, for all liabilities, claims, damages, costs, charges and expenses incurred or suffered by the Authority related to or in any way associated with the engagement that arise from or are based on any

deliberate misstatement or omission in any material information or representation provided by or approved by any member of management of the Authority, officer of the Authority or member of the Audit Committee of the Authority.

16. **Qualifications** - Notwithstanding anything herein to the contrary, Deloitte may use the name of the Authority, refer to this engagement and the performance of the services in marketing, publicity materials and other material, as an indication of its experience, and in internal data systems.

Appendix 5 – The Deloitte client service commitment

Seamless and effective delivery focused on your specific needs

The Authority 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 6 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information for boards of directors and c-suite executives. Below you will find an overview of resources, as well as a registration form to allow you to subscribe to resources that may be of interest to you.

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.
DeloitteLINK	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	Weekly e-newsletter that helps the finance team to stay on top of standard-setting initiatives.
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.
Directors' Series	<ul style="list-style-type: none"> • Audit committee members • Board members • CEO/CFO • Internal auditors • Legal counsel 	<p>A program that enables Canadian corporate directors to keep up with their learning requirements in a time of frequent change and new demands.</p> <p>Directors are provided with ready-to-use information and tools to help them discharge their responsibilities.</p>
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.
Standard-Setting Activities Digest	<ul style="list-style-type: none"> • CFO • V-P Finance • Controller • Financial reporting team 	Monthly online updates on recent developments in standard-setting from a comprehensive list of standard-setting organizations.

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 Management 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.

Appendix 7 – Standard-setting update

The following is a summary of certain new standards, proposals and notices that were released in the past few months:

IFRS 15, Revenue from Contracts with Customers

On May 28, 2014, the IASB and the FASB jointly issued a converged Standard on the recognition of revenue from contracts with customers. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. Application of the standard is mandatory and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The IASB standard is available for early application with mandatory adoption required for fiscal years commencing on or after January 1, 2017 and is to be applied using the retrospective or the modified transition approach. In contrast, the FASB does not permit early application.

Amendments to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

On May 12, 2014, the IASB issued *Amendments to IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets*. In issuing the amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard is to be applied prospectively for fiscal years beginning on or after January 1, 2016 with early application permitted.

Appendix 8 – 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 Authority's management proactively communicates with us concerning critical issues related to the audit and other matters. We have noted that management takes its financial reporting responsibilities seriously. Our audit plan takes into account management'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 5 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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