

## **External Auditor – Provision of Additional Services**

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### **EXECUTIVE SUMMARY**

The External Auditor, Deloitte LLP advised they have acquired Integration New Media, Inc. (INM), effective 2017 December 01. INM is currently performing some services at The City and pursuant to the Audit Committee Bylaw 48M2012 the External Auditor must seek approval by Audit Committee for this additional work.

#### **ADMINISTRATION RECOMMENDATION:**

That the Audit Committee approve the provision of additional services to The City by Integration New Media, Inc., a recent acquisition of Deloitte LLP, External Auditor.

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

The Audit Committee Bylaw 48M2012, Schedule 'B', Section 1(b) states that Audit Committee, with respect to the External Auditor:

“Pre-approves all audit and non-audit services performed by the External Auditor, however, the Audit Committee Chair can pre-approve additional audit or non-audit services, performed by the External Auditor, up to \$25,000 total annually. Any approvals by the Chair will be reported to the Audit Committee as part of the Audit Committee Quarterly Status Report.”

### **BACKGROUND**

Deloitte LLP provides external audit services to the City of Calgary. In addition to requiring the Audit Committee to pre-approve all audit and non-audit services provided by the External Auditor, the External Auditor must express independent judgement about the appropriateness and acceptability of The City's financial statements.

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

Deloitte LLP have acquired Integration New Media, Inc. (INM) effective 2017 December 01. Prior to the acquisition, The City selected Adobe as their service provider to update and migrate their intranet content to a new platform. Adobe hired INM as a subcontractor to perform some of the actual work. As INM is now a Deloitte LLP entity, effective 2017 December 01, the work performed by them requires approval by the Audit Committee.

Deloitte LLP have advised that this additional service being provided to The City does not relate to financial reporting or internal controls and that it complies with Deloitte's independence policies.

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

Deloitte LLP immediately advised The City and Councillor Evan Woolley upon acquisition of Integration New Media, Inc. to ensure the process for Audit Committee's approval was initiated.

### **Strategic Alignment**

Audit Committee's approval of the provision of additional services to The City by an entity of Deloitte LLP, External Auditor, and the assurance of their independence, is consistent with Council's priorities of a prosperous and well-run City.

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**Social, Environmental, Economic (External)**

No implications are identified.

**Financial Capacity**

***Current and Future Operating Budget:***

Not applicable to the Audit Committee's budget.

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

Not applicable.

**Risk Assessment**

The independence of the External Auditor will not be adversely affected by the provision of these additional services by Integrated New Media, Inc., an entity of Deloitte LLP.

**REASON(S) FOR RECOMMENDATION(S):**

Audit Committee approval for the provision of additional audit or non-audit services by the External Auditor is required under Audit Committee Bylaw 48M2012.

**ATTACHMENT(S)**

None