

AUDIT COMMITTEE 2017 YEAR-END ANNUAL STATUS REPORT

I. STATUS OF AUDIT COMMITTEE 2017 WORK PLAN

This following provides the original 2017 Work Plan as approved by Audit Committee on 2016 November 10. Reports added, deferred, brought forward or no longer required are indicated in bold print. The items are arranged by Audit Committee meeting date.

AUDIT COMMITTEE 2017 WORK PLAN		
Meeting	Report Title	Report Number
JANUARY 19 2017	<p>External Auditor 2015 Management Letter Update Annual Principal Corporate Risk Report</p> <p><u>IN CAMERA</u> External Auditor 2016 Service Plan Update City Auditor Compensation Audit Forum (Verbal Report) In Camera City Auditor (Verbal Report) In Camera External Auditor (Verbal Report) In Camera</p> <p>-----</p> <p>City Auditor's Office Reports New Central Library Audit</p>	<p>AC2017-0040 AC2017-0020</p> <p>AC2017-0071 - Added AC2017-0032 AC2017-0033 AC2017-0034 AC2017-0035</p> <p>-----</p> <p>AC2017-0054</p>
FEBRUARY 2017	<u>NO MEETING</u>	
MARCH 16 2017	<p>City Auditor's Office 2016 Annual Report Audit Committee 2016 Year-End Annual Status Report Annual Update – Information Technology Risk Management External Auditor Selection Process (2018-2022)</p> <p><u>IN CAMERA</u> Selection of Performance Audits, Program Reviews or Special Studies Audit Committee 2015-2016 Self-Assessment Survey Update Personnel Matter Audit Forum (Verbal Report) In Camera City Auditor (Verbal Report) In Camera External Auditor (Verbal Report) In Camera</p> <p>-----</p> <p>City Auditor's Office Reports</p>	<p>AC2017-0252 AC2017-0111</p> <p>AC2017-0239</p> <p>AC2017-0218 - Added</p> <p>AC2017-0112 - Added</p> <p>AC2017-0004</p> <p>AC2017-0264 - Added AC2017-0114 AC2017-0115 AC2017-0116</p> <p>-----</p>

	Landfill Audit Report Posse Audit Report	AC2017-0251 AC2017-0253
APRIL 20 2017	<p>2016 City of Calgary Annual Report 2016 External Auditor's Year-End Report 2016 Annual Investment Report City Auditor's Office 1st Quarter 2017 Status Report Control Environment Assessment and Management Representations Update</p> <p><u>IN CAMERA</u> 2017 Law Department Annual Report – In Camera External Auditor Services Annual Renewal 2017- 2018 – In Camera (Verbal Report) Position Review - Executive Assistant to Audit Committee – In Camera Civic Partner Audit Report – In Camera Audit Forum (Verbal Report) In Camera City Auditor (Verbal Report) In Camera External Auditor (Verbal Report) In Camera</p> <hr/> <p>City Auditor's Office Reports Transit Fare Revenue Audit External Assessment – City Auditor's Office</p>	<p>AC2017-0304 AC2017-0348 AC2017-0303 AC2017-0359 AC2017-0305</p> <p>AC2017-0302 AC2017-0336</p> <p>No longer required</p> <p>AC2017-0367 AC2017-0349 AC2017-0350 AC2017-0351</p> <hr/> <p>AC2017-0341 AC2017-0357</p>
MAY 2017	<u>NO MEETING</u>	
JUNE 22 2017	<p>ENMAX Audit & Finance Committee Annual Report Calgary Public Library Audit and Finance Committee Annual Report Calgary Economic Development Audit Committee Annual Report Calgary Parking Authority Audit Committee Annual Report Calgary Police Commission Finance and Audit Committee Annual Report External Auditor's Independence Letter for the 2016 Audit External Auditor 2016 Management Letter Code of Conduct Annual Report External Assessment – City Auditor's Office</p> <p><u>IN CAMERA</u> Audit Forum (Verbal Report) In Camera City Auditor (Verbal Report) In Camera External Auditor (Verbal Report) In Camera Selection of External Auditor for 2018-2022</p> <hr/>	<p>AC2017-0385 Deferred to July 2017 AC2017-0389 - Brought forward from July 2017 AC2017-0438 AC2017-0437 AC2017-0439 AC2017-0440 AC2017-0082 AC2017-0538 - Added AC2017-0441 AC2017-0442 AC2017-0443 AC2017-0578 – Added as Urgent Business</p> <hr/>

	City Auditor's Office Reports Human Resources – Succession Planning Audit Calgary Neighborhoods' Support of Community Associations Audit	AC2017-0487 AC2017-0401
JULY 27 2017	ENMAX Audit and Finance Committee Annual Report Attainable Homes Calgary Corporation Audit and Accountability Committee Annual Report Calgary Arts Development Authority Audit Committee Annual Report Calgary Economic Development Audit Committee Annual Report Calgary Public Library Audit and Finance Committee Annual Report Calgary Municipal Land Corporation Audit Committee Annual Report Integrated Risk Management Model Update City Auditor's Office 2 nd Quarter 2017 Status Report External Auditor 2017 Service Plan and Fees Report <u>IN CAMERA</u> External Auditor 2016 / 2017 Performance Assessment – In Camera Review of External Auditor Performance Assessment Template Audit Forum (Verbal Report) In Camera City Auditor (Verbal Report) In Camera External Auditor (Verbal Report) In Camera ----- City Auditor's Office Reports Information Technology (IT) Follow-up Audit	Brought forward to June 2017 AC2017-0448 AC2017-0449 Brought forward to June 2017 AC2017-0447 AC2017-0477 AC2017-0603 AC2017-0613 AC2017-0450 AC2017-0451 AC2017-0589 - Added AC2017-0452 AC2017-0453 AC2017-0454 ----- AC2017-0590
AUGUST 2017	<p style="text-align: center;"><u>NO MEETING</u></p>	
SEPTEMBER 14, 2017	Sub-Committee on External Auditor Selection (Verbal) Calgary Convention Centre Authority – Audit Committee Annual Report Calgary Municipal Land Corporation - Audit Committee Annual Report Calgary Housing Company Audit and Risk Management Committee Annual Report <u>IN CAMERA</u> City Auditor's Office 2018 Budget Proposal Audit Committee Annual Self-Assessment (2016-2017) – In Camera Update of External Auditor Performance	AC2017-0668 - Added AC2017-0476 CMLC - Brought forward to July 2017 AC2017-0478 AC2017-0687 AC2017-0637 AC2017-0642 - Added

	Assessment Template Selection of Special Studies and Performance Audits for 2018 – In Camera Audit Forum (Verbal Report) In Camera City Auditor (Verbal Report) In Camera External Auditor (Verbal Report) In Camera ----- City Auditor's Office Reports Utility Billing Audit 9-1-1 Call Centre Audit	No longer required AC2017-0639 AC2017-0640 AC2017-0641 ----- AC2017-0661 AC2017-0664
OCTOBER 2017	NO MEETING (ELECTION YEAR)	
NOVEMBER 2017	NO MEETING	
DECEMBER 14 2017	Election of Chair and Vice-Chair – Committee motion Election of Audit Sub-Committee on Personnel Membership (if required) – Committee motion Audit Committee Orientation (not part of Agenda) Calgary Housing Company Audit and Finance Committee – referral from Sept 2017 Audit Committee 2018 Work Plan City Auditor's Office 3 rd Quarter 2017 Status Report Status of Community Associations and Social Recreation Organizations on City-Owned Land External Auditor – Provision of Additional Services <u>IN CAMERA (CLOSED MEETING)</u> Audit Forum (Verbal Report) In Camera City Auditor (Verbal Report) In Camera External Auditor (Verbal Report) In Camera Personnel Matter ----- City Auditor's Office Reports Corporate Structures List Audit	City Clerks and Chair No longer required Part 1 - 2017 Dec 13 AC2017-1230 - Added AC2017-1136 AC2017-1204 AC2017-1149 AC2017-1246 - Added AC2017-1158 AC2017-1159 AC2017-1160 AC2017-1223 ----- AC2017-1201

***NOTE:** City Auditor's Office 2018 / 2019 Audit Plan will be scheduled for presentation at the January 2018 Audit Committee meeting. The City Auditor's Office Audit Plan is a two-year rolling plan and the 2017 audit activities were approved by Audit Committee at their 2015 December 10 meeting and received for information by Council at their 2016 January 11 Combined Meeting.

II. AUDIT COMMITTEE CONTINUING EDUCATION AND STAFF DEVELOPMENT

Audit Committee Continuing Education

Part 1 of an Audit Orientation program was provided to members of the Committee on 2017 December 13. Presentations were provided by the City Auditor, External Auditor, and Executive

Assistant to the Audit Committee. Part 2 of the Audit Orientation program is scheduled for 2018 January.

The Finance Department provided Audit Committee members with a presentation on Public-Private Partnerships (P3) and Complex Financial Transactions at an educational session held 2017 June.

Staff Development

The Executive Assistant to the Audit Committee obtained the National Advanced Certificate in Local Authority Administration from the University of Alberta.

III. STATUS OF AUDIT COMMITTEE BUDGET

The Audit Committee Bylaw 48M2012 provides for the Committee to develop a budget and recommend it to Council as part of The City's budget process. The Committee's operating budget for 2017 was approved by Council in November 2014 as part of the four-year budget cycle.

The Audit Committee's 2017 total operating budget is \$757,917. There is a positive variance of \$196,000 as at the end of 2017 December. The variance mainly relates to the remaining balance in consulting fees, a surplus in the areas of salaries, wages, benefits, business expenses and an overestimate from 2016 Audit fees.

IV. APPROVAL OF AUDIT AND NON-AUDIT SERVICES

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

"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."

Schedule "B", Section 1(b).

The Chair of Audit approved additional advisory services be provided by the external auditor which was reported to Audit Committee at the 2017 July 27 meeting (AC2017-0452 In Camera).

IV. OTHER STATUS INFORMATION

A) Autonomous Civic Entities

In accordance with Schedule 'A', Section 1 i) of Bylaw 48M2012, Audit Committee Bylaw, the Audit Committee oversees its governance responsibility with the audit committees of The City's major autonomous bodies. The following entities made annual presentations to the Audit Committee in 2017:

Attainable Homes Calgary Corporation, AC2017-0448
Calgary Arts Development Authority, AC2017-0449
Calgary Convention Centre Authority, AC2017-0476
Calgary Economic Development, AC2017-0389
Calgary Housing Company, AC2017-0478 and AC2017-1230
Calgary Municipal Land Corporation, AC2017-0477
Calgary Parking Authority, AC2017-0438
Calgary Police Commission, AC2017-0437

Calgary Public Library, AC2017-0447
ENMAX Corporation, AC2017-0385

B) City Auditor's Office Reports

In accordance with Bylaw 30M2004, the City Auditor Bylaw, the Audit Committee oversees and ensures the accountability of the City Auditor on behalf of Council. The Audit Committee received and reviewed the following reports and audits from the City Auditor's Office in 2017:

New Central Library Audit, AC2017-0054
Landfill Audit Report, AC2017-0251
Posse Audit Report, AC2017-0253
City Auditor's Office 2016 Annual Report, AC2017-0252
External Assessment - City Auditor's Office, AC2017-0357
City Auditor's Office 1st Quarter 2017 Report, AC2017-0359
Transit Fare Revenue Audit, AC2017-0341
Calgary Neighbourhoods' Support of Community Associations Audit, AC2017-0401
Human Resources - Succession Planning Audit, AC2017-0487
External Assessment - City Auditor's Office, AC2017-0538
City Auditor's Office 2nd Quarter 2017 Report, AC2017-0613
Information Technology (IT) Follow-Up Audit, AC2017-0590
Utility Billing Audit, AC2017-0661
9-1-1 Call Centre Audit, AC2017-0664
City Auditor's Office 2018 Budget Proposal, AC2017-0687
Corporate Structures List Audit - AC2017-1201
City Auditor's Office 3rd Quarter 2017 Report - AC2017-1204

C) External Auditor

The external auditor submitted the following reports in 2017 for Audit Committee review:

External Auditor 2015 Management Letter Update, AC2017-0040
External Auditor 2017 Service Plan Update, AC2017-0071
2016 External Auditor's Year-End Report, AC2017-0348
External Auditor's Independence Letter for the 2016 Audit, AC2017-0439
External Auditor 2016 Management Letter, AC2017-0440
External Auditor 2017 Service Plan and Fees, AC2017-0450
External Auditor – Provision of Additional Services, AC2017-1246

D) Financial Integrity and Risk Management

The Audit Committee maintained its focus on financial integrity and corporate risk management in 2017. In accordance with Schedule 'A', the Audit Committee Terms of Reference, Audit Committee Bylaw 48M2012, the following reports were reviewed by the Audit Committee:

Annual Principal Corporate Risk Report, AC2017-0020
2016 City of Calgary Annual Report, AC2017-0304
Control Environment Assessment and Management Representations Update, AC2017-0305
2016 Annual Investment Report, AC2017-0303
2017 Law Department Annual Report, AC2017-0302
Annual Update - Information Technology Risk Management, AC2017-0239

Code of Conduct Annual Report, AC2017-0545
Integrated Risk Management Program Update, AC2017-0603
Civic Partner Audit Report, AC2017-0367
Status of Community Associations and Social Recreation Organizations on City-Owned Land, AC2017-1149

E) Audit Resource Management Office

The Audit Committee Bylaw 48M2012 established the position of Executive Assistant to the Audit Committee to provide planning, documentation and meeting logistical support under the direction of the Committee Chair. The position of Executive Assistant has historically been a two-year limited term position and to maintain consistency in the Audit Resource Management Office was converted to a permanent role by Audit Committee in 2017 March.

Executive Assistant Reports reviewed by Audit Committee in 2017:

Audit Committee 2016 Year-End Annual Status Report, AC2017-0111
External Auditor Selection Process (2018-2022), AC2017-0218
Audit Committee 2015-2016 Self-Assessment Survey Update, AC2017-0004
Selection of Performance Audits, Program Reviews or Special Studies, AC2017-0112
Selection of External Auditor For 2018-2022, AC2017-0578
Review of External Auditor Performance Assessment Template, AC2017-0589
External Auditor 2016 - 2017 Performance Assessment, AC2017-0451
Audit Committee Annual Self-Assessment (2016-2017), AC2017-0637
Update of External Auditor Performance Assessment Template, AC2017-0642
Audit Committee 2018 Work Plan, AC2017-1136

Major activities in 2017:

- Project managed the Selection of External Auditor for The City for 2018-2022 from drafting the request for proposal to bid evaluations through to appointment of the successful firm.
- Provided supplemental recruitment activities to encourage well-qualified members of the public to apply to serve on the Audit Committee
- Developed an updated external auditor performance assessment template which is benchmarked against comparable organizations
- Facilitated the Audit Committee Orientation workshops (January 2017 and December 2017) and created an Orientation Guidebook as a resource for all members.
- Developed the 2018 Workplan for Audit Committee in conjunction with the stakeholders and the Audit Committee terms of reference.