



# AC2018-0368

## Control Environment Assessment Report

Chief Financial Officer's Report to Audit Committee  
2018 April 17

CITY OF CALGARY <b>RECEIVED</b> IN COUNCIL CHAMBER
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CITY CLERK'S DEPARTMENT

## COSO Framework

- Administration has provided an annual Control Environment Assessment Report since 2004
- The City's Control Environment Assessment Report is based on the COSO Internal Control– Integrated Framework
- COSO Framework is the most widely adopted control framework for evaluating internal controls
- Framework is comprised of 5 components of internal control and 17 principles



## Effective Internal Controls

*For internal controls to be deemed effective, each of the five components of internal control and relevant principles must be present and functioning and the five components operating together in an integrated manner.*

(Internal Control – Integrated Framework, COSO, 2013 May, p.18)



## Assessment Process

- Information provided by:
  - Business unit's respective Finance Managers and Directors
  - Management representations made within each business unit (i.e. the cascading representations)
- Business unit Finance Managers and Directors self-assessed
- Assessments based on management's professional judgment and experience

## Administration's Conclusion

- Overall system of internal controls over The City's financial reporting is effective
- Opportunities for improvement identified
  - Do not impact the overall effectiveness of the system of internal controls over financial reporting
- Administration is committed to ongoing continuous improvement of internal control processes; appropriate resources are being assigned as required.



# Administration Recommendation

That the Audit Committee:

**Receives this report for information**