



**MINUTES
AUDIT COMMITTEE**

**April 17, 2018, 8:30 AM
IN THE COUNCIL CHAMBER**

PRESENT: Councillor E. Woolley, Chair
Councillor G. Chahal, Vice-Chair
Councillor J. Farkas
Councillor D. Farrell
Citizen Representative L. Caltagirone
Citizen Representative M. Dalton
Citizen Representative M. Lambert

ALSO PRESENT: Chief Financial Officer E. Sawyer
City Auditor Katharine Palmer
Executive Assistant Corrie Smillie
External Auditor T. Nakka
Acting City Clerk D. Williams
Legislative Assistant M. A. Cario

1. CALL TO ORDER

Councillor Woolley called today's Meeting to Order at 8:31 a.m.

2. OPENING REMARKS

Councillor Woolley provided Opening Remarks at today's Meeting.

Councillor Woolley congratulated Katharine Palmer on the renewal of her five year contract, as the City Auditor, effective 2018 June 28, with The City of Calgary.

3. CONFIRMATION OF AGENDA

Moved by Councillor Farkas

That the Agenda for the 2018 April 17 Regular Meeting of the Audit Committee be confirmed.

MOTION CARRIED

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Regular Meeting of the Audit Committee, 2018 February 13

Moved by Citizen Representative Lambert

That the Minutes of the Audit Committee held on 2018 February 13, be confirmed.

MOTION CARRIED

5. POSTPONED REPORTS

None

6. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

6.1 Control Environment Assessment and Management Representations Update, AC2018-0368

A PowerPoint presentation entitled "Control Environment Assessment Report", dated 2018 April 17, with respect to Report AC2018-0368 was distributed.

Moved by Citizen Representative Caltagirone

That Report AC2018-0368 be postponed to be dealt with at the Closed Meeting of today's Agenda.

MOTION CARRIED

Moved by Citizen Representative Dalton

That Report AC2018-0368 be dealt with at this time.

MOTION CARRIED

Attendance during the Closed Meeting discussions with respect to Report AC2018-0368:

Clerk: D. Williams and M. Cario Legal: G. Cole. Advice: E. Sawyer, O. Key, J. Fielding, K. Palmer and C. Smillie. External Auditor: T. Nakka, H. Gill, E. Vervoort.

Moved by Councillor Chahal

That with respect to Report AC2018-0368, the following be approved:

That the Audit Committee:

1. Receives this report for information.
2. Directs that Attachment 3 and the closed meeting discussions remain confidential pursuant to Section 25 of the *Freedom of Information and Protection of Privacy Act*.

MOTION CARRIED

6.2 2017 Annual Investment Report, AC2018-0442

A PowerPoint presentation entitled "2017 Annual Investment Report", dated 2018 April 17, with respect to Report AC2018-0442 was distributed.

Moved by Citizen Representative Lambert

That with respect to Report AC2018-0442, the following be approved:

That the Audit Committee recommends that Council receives the 2017 Annual Investment Report for information.

MOTION CARRIED

6.3 The City of Calgary 2017 Annual Report, AC2018-0473

Distributions with respect to Report AC2018-0473:

- A PowerPoint presentation entitled "Delivering value for citizens", dated 2018 April 17;
- A document entitled "The City of Calgary Changes to the 2017 City of Calgary Annual Report, Attachment 2";
- A document entitled "Schedule of Financial Activities by Segment, Attachment 2A".

Introduction

Councillor Farrell introduced a group of Students from Bow Valley College in Ward 7, along with their teacher and tour guide.

Moved by Citizen Representative Dalton

That Report AC2018-0473 be postponed to be dealt with at the Closed Meeting of today's Agenda.

MOTION CARRIED

Moved by Councillor Farrell

That Report AC2018-0473 be dealt with at this time.

MOTION CARRIED

Attendance during the Closed Meeting discussions with respect to Report AC2018-0473:

Clerk: D. Williams and M. Cario. Advice: E. Sawyer, C. Male, J. Scrinko, K. Palmer and C. Smillie. External Auditor: T. Nakka, H. Gill, E. Vervoort.

Moved by Citizen Representative Caltagirone

That Report AC2018-0473 be approved, **after amendment**, as follows:

That the Audit Committee:

1. Consider this report in conjunction with Report AC2018-0270 "2017 External Auditor's Report";
2. Recommends Council approval of the **Revised Attachment**, The City of Calgary 2017 Annual Report; and
3. Forward to Council as a matter of urgent business to the 2018 April 23 Regular Meeting of Council.

MOTION CARRIED

6.4 2017 External Auditor's Year-End Report, AC2018-0270

An Attachment, Appendix A to Report AC2018-0270 was distributed in the Closed Meeting and is to remain confidential, subject to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

Moved by Citizen Representative Caltagirone

That the Audit Committee move into Closed Meeting at 10:41 a.m., in the Council Lounge, to discuss confidential matters, subject to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*, with respect to the following Reports:

- Control Environment Assessment and Management Representations Update, AC2018-0368;
- 2017 City of Calgary Annual Report, AC2018-0473; and
- 2017 External Auditor's Year-End Report , AC2018-0270.

MOTION CARRIED

The Audit Committee reconvened at 11:16 a.m. with Councillor Woolley in the Chair.

Moved by Councillor Chahal

That Committee Rise and Report.

MOTION CARRIED

Attendance during the Closed Meeting discussions with respect to Report AC2018-0270:

Clerk: D. Williams and M. Cario. Advice: E. Sawyer, C. Male, J. Scrinko, C. Smillie. External Auditor: T. Nakka, H. Gill, E. Vervoort.

Moved by Citizen Representative Dalton

That with respect to Report AC2018-0270, the following be approved:

That the Audit Committee:

1. Conduct a Closed Meeting discussion with the External Auditor and keep that discussion confidential pursuant to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*;
2. Receive this Report and Attachment for information and consider them in conjunction with Report AC2018-0473, The City of Calgary 2017 Annual Report;
3. Approve the External Auditor's additional fees in the amount of \$30,000 plus a 7% administrative fee and 5% GST with respect to the prior period adjustments relating to Tangible Capital Asset balances;
4. Direct that this Report and Attachment be forwarded to the 2018 April 23 Regular Meeting of Council as an item of Urgent Business;
5. Recommend that Council receives Report AC2018-0270, 2017 External Auditor's Year-End Report, and the Attachment, for information; and
6. Keep the Closed Meeting discussions with the External Auditor confidential pursuant to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*.

MOTION CARRIED

6.5 External Auditor Provision of Additional Services, AC2018-0450

Moved by Citizen Representative Dalton

That with respect to Report AC2018-0450, the following be approved:

That Audit Committee approve Deloitte LLP perform the audit of the Core Benefit Plan for the year ending 2017 December 31, with fees estimated at \$15,070, plus 7% administrative fee and 5% GST.

MOTION CARRIED

6.6 City Auditor's Office 1st Quarter 2018 Report, AC2018-0344

Moved by Councillor Farkas

That with respect to Report AC2018-0344, the following be approved:

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

MOTION CARRIED

6.7 Cash Flow Management Audit, AC2018-0343

Moved by Councillor Farkas

That with respect to Report AC2018-0343, the following be approved:

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

MOTION CARRIED

6.8 Procurement Follow-up Audit, AC2018-0413

Moved by Citizen Representative Lambert

That with respect to Report AC2018-0413, the following be approved:

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

MOTION CARRIED

6.9 Cyber Security Incident Response Audit, AC2018-0410

Moved by Citizen Representative Lambert

That the Audit Committee move into Closed Meeting at 11:37 a.m., in the Council Lounge, to discuss confidential matters, subject to Sections 16, 20, 23, 24 and 26 of the *Freedom of Information and Protection of Privacy Act*, with respect to the following Reports:

- Cyber Incident Response Audit, AC2018-0410
- Civic Partner Audit Report, AC2018-0409
- Audit Forum (Verbal Report), AC2018-0267
- External Auditor (Verbal Report), AC2018-0268
- City Auditor (Verbal Report), AC2018-0269

MOTION CARRIED

Attendance during the Closed Meeting discussions with respect to Report AC2018-0410:

Clerk: D. Williams and M. Cario. Advice: E. Sawyer, C. Male, K. Palmer, R. Visscher, H. Reed-Fenske, O. Key, J. Lofthouse and C. Smillie. External Auditor: T. Nakka and H. Gill

Moved by Citizen Representative Lambert

That with respect to Report AC2018-0410, the following be approved:

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.
3. That Audit Committee recommend that Attachment to Report AC2018-0410 remain confidential pursuant to Sections 20 of the *Freedom of Information and Protection of Privacy Act* until the year 2033.

MOTION CARRIED

7. ITEMS DIRECTLY TO COMMITTEE

7.1 REFERRED REPORTS

None

7.2 NOTICE(S) OF MOTION

None

8. URGENT BUSINESS

None

9. CONFIDENTIAL ITEMS

9.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

9.1.1 Civic Partner Audit Report, AC2018-0409

A PowerPoint presentation entitled "Civic Partner Audit Report", dated 2018 April 17, with respect to Report AC2018-0409 was distributed.

Attendance during the Closed Meeting discussions with respect to Report AC2018-0409:

Clerk: D. Williams and M. Cario. Advice: L. Keir, J. Martin, S. Mcfayden, E. Sawyer, K. Palmer and C. Smillie. External Auditor: T. Nakka and H. Gill.

Moved by Citizen Representative Lambert

That with respect to Report AC2018-0409, the following be approved:

That the Audit Committee recommend that Council:

1. Approve the Administration Recommendations contained in Report AC2018-0409;

2. Direct that the Report and Attachments 2, 4 and 5 remain confidential pursuant to Sections 16, 23 and 24 of the *Freedom of Information and Protection of Privacy Act* until such time as six years from this date.

MOTION CARRIED

9.1.2 Audit Forum (Verbal Report), AC2018-0267

No report was given.

9.1.3 External Auditor (Verbal Report), AC2018-0268

No report was given.

9.1.4 City Auditor (Verbal Report), AC2018-0269

Attendance during the Closed Meeting discussions with respect to Report AC2018-0269:

Clerk: D. Williams. Advice: K. Palmer and C. Smillie

Moved by Citizen Representative Caltagirone

That with respect to Verbal Report C2018-0269, the following be approved:

That the Audit Committee directs that the Verbal Report and Closed Meeting discussions remain confidential subject to Sections 24 and 26 the *Freedom of Information and Protection of Privacy Act*.

MOTION CARRIED

9.2 URGENT BUSINESS

None

10. ADJOURNMENT

Moved by Councillor Farkas

The Audit Committee adjourned at 12:14 p.m.

MOTION CARRIED

The following items have been forwarded to the 2018 April 23 Regular Meeting of Council, as items of Urgent Business:

The City of Calgary 2017 Annual Report, AC2018-0473

2017 External Auditor's Year-End Report, AC2018-0270

The following items have been forwarded to the 2018 May 28 Regular Meeting of Council:

Consent:

2017 Annual Investment Report, AC2018-0442

City Auditor's Office 1st Quarter 2018 Report, AC2018-0344

Cash Flow Management Audit, AC2018-0343

Procurement Follow-up Audit, AC2018-0413

Cyber Security Incident Response Audit, AC2018-0410

Closed Meeting

Civic Partner Audit Report, AC2018-0409

The next Regular Meeting of the Audit Committee is scheduled to be held on 2018 June 19 at 9:30 a.m.

CHAIR

ACTING CITY CLERK

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