



November 12, 2013

The Finance and Audit Committee of Calgary Police Commission  
Mr. Howard Shikaze, Chair of the Audit Committee  
6<sup>th</sup> Floor Rocky Mountain Plaza  
#650, 615 Macleod Trail SE  
Calgary, AB T2G 4T8

Calgary Police Service  
Mr. Blaine Hutchins  
5111 - 47 Street NE  
Calgary, AB T2J 3R2  
Finance Mail Code #960

Dear Sirs/Mesdames:

Deloitte LLP (“Deloitte” or “we” or “us”) is pleased to serve as your auditors for the year ending December 31, 2013. Ms. Harman Gill will be responsible for the services that we perform for the Calgary Police Commission (the “Commission”). She 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 Calgary Police Service (the “Service”) on issues as they arise throughout the year. Hence, we hope that you will call us whenever you believe Deloitte can be of assistance. This assistance will require approval by the Service’s Finance and Audit Committee (the “Audit Committee”) in accordance with its pre-approval policies and procedures.

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 Service (the “financial statements”), which comprise the statement of financial position as at December 31, 2013, and the statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Public Sector Accounting Board (“PSAS”);

- 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.

**The Audit Committee's responsibilities and auditor communications**

As auditors of the Service, 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. We understand that the services to be performed under this engagement letter have been pre-approved by the Audit Committee in accordance with its established pre-approval policies and procedures. The Audit Committee is also responsible for reviewing and approving the Service's hiring policies regarding current and former partners and employees of Deloitte LLP, Deloitte s.e.n.c.r.l. 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.

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

If the Service intends to publish or otherwise reproduce in any document our report on the Service's financial statements, or otherwise make reference to Deloitte in a document that contains other information in addition to the audited financial statements, thereby associating Deloitte with such document, the Service 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 Service 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 Service'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 Service. Any request by the Service 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.

#### **Fees**

We estimate that our total fees for this audit will be \$44,000 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 D, 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.

#### **Reporting**

In accordance with Canadian GAAS, we expect to issue a report at the completion of our audit in the form shown in Appendix E. 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 Service's management.

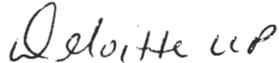
This engagement letter, including the appendices A through F attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written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

Calgary Police Service  
November 12, 2013  
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This engagement contract will continue in force for subsequent audits unless amended by the mutual consent of ourselves and the Service.

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 contract are acknowledged and approved by the Audit Committee of the **Calgary Police Commission**:

  
\_\_\_\_\_  
Signature

*CHAIR, FINANCE + AUDIT COMMITTEE*  
Title *CALGARY POLICE COMMISSION*

*November 12, 2013*  
\_\_\_\_\_  
Date

The services and terms set forth in this contract are accepted and agreed to by management of the **Calgary Police Service**:

  
\_\_\_\_\_  
Signature

*Finance Manager*  
\_\_\_\_\_  
Title

*Nov. 12/2013*  
\_\_\_\_\_  
Date

# **Appendix A**

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

**Calgary Police Service**  
**Year ending December 31, 2013**

### **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 Service, 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 PSAS. 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 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 PSAS to the facts and circumstances of the Service. 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

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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 material weaknesses in internal control that do, in fact, exist.

## **Appendix B**

### **Management's responsibilities**

**Calgary Police Service**  
**Year ending December 31, 2013**

#### **Financial statements and the effectiveness of internal control over financial reporting**

The Service'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 Service's objectives. Internal control, no matter how effective, can provide the Service 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 PSAS together with all required disclosures concerning internal control over financial reporting, is the responsibility of the Service'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 weaknesses identified in the design or operation of internal control over financial reporting;
2. Informing Deloitte of any changes in the Service's internal control over financial reporting that occurred during the year that have materially affected, or are reasonably likely to materially affect, the Service's internal control over financial reporting;
3. Identifying and ensuring that the Service 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 the Audit Committee;
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 Service 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 Service'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 PSAS and that the

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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 Service's financial statements.

**Process for obtaining pre-approval of services**

Management is responsible for the coordination of obtaining the pre-approval of the Audit Committee, in accordance with the Audit Committee's pre-approval process, for any services to be provided by Deloitte to the Service.

**Independence matters**

For purposes of the following two paragraphs, "Deloitte" shall mean Deloitte LLP, Deloitte s.e.n.c.r.l. 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 Service is an attest client. Management of the Service will ensure that the Service, together with its subsidiaries and other entities (including variable interest entities) that comprise the Service for purposes of the financial statements, has policies and procedures in place for the purpose of ensuring that neither the Service nor any such subsidiary or other entity will act to engage Deloitte or accept from Deloitte any service that either has not been subjected to their pre-approval process or that under Canadian independence rules or other applicable rules would impair Deloitte's independence. All potential services are to be discussed with 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. Harman Gill where substantive employment conversations have been had with a former or current Deloitte partner or engagement team member. Management will coordinate with

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Deloitte to ensure that Deloitte's independence is not impaired by hiring former or current Deloitte partners or professional employees for certain positions. Management of the Service will ensure that the Service, together with its subsidiaries and other entities that comprise the Service for purposes of the financial statements, also has policies and procedures in place for purposes of ensuring that Deloitte's independence will not be impaired by hiring a former or current Deloitte partner or professional employee in an accounting role or financial reporting oversight role that would cause a violation of Canadian independence rules. Any employment opportunities with the Service for a former or current Deloitte partner or professional employee should be discussed with Ms. Harman Gill and approved by the Audit Committee before entering into substantive employment conversations with the former or current Deloitte partner or professional employee, when such opportunity relates to serving (1) as chief executive officer, controller, chief financial officer, chief accounting officer, or any equivalent position for the Service or in a comparable position at a significant subsidiary of the Service, (2) as a member of the Audit Committee, or (3) in any other position that would cause a violation of Canadian independence rules.

**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 Service 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 Service received in communications from employees, former employees, 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 Service that have been communicated to it by employees, former employees, 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 Service agrees that it will provide us with the identity of the Service's related parties, including changes from the previous period, the nature of the relationships between the Service and these related parties and whether the Service 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 Police Service**  
**Year ending December 31, 2013**

#### **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 Service's internal control related to financial reporting and oversight of our work.

#### **Communications with the Audit Committee**

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

#### **Planned scope and timing of the audit**

Our audit plan will be separately communicated to you, providing an overview of the planned scope and timing of the audit.

As part of that audit plan, we will provide:

- an overview of the type of work to be performed on the financial information of the components; and
- an overview of the nature of the group engagement team's planned involvement in the work to be performed by the component auditors on the financial information of significant components.

#### **Significant findings from the audit**

We will communicate our views about significant qualitative aspects of the Service'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 PSAS, not to be the most appropriate to the particular circumstances of the Service.

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 Service's related parties;
- any events or conditions identified that may cast doubt on the Service'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;

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- 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 Canadian GAAS and professional standards, we will disclose to the Audit Committee, in writing, all relationships between Deloitte and the Service 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 Service within the meaning of applicable securities laws, regulations and the rules of professional conduct/code of ethics of our profession. For purposes of this paragraph, "Deloitte" shall mean Deloitte LLP, Deloitte s.e.n.c.r.l. 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 Service and whether the Service 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 Service 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

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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, 2013.

## **Appendix D**

### **Circumstances affecting timing and fee estimate**

#### **Calgary Police Service**

**Year ending December 31, 2013**

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 Service'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 Service on the date requested, (b) completed in a format acceptable to Deloitte, (c) mathematically correct, or (d) in agreement with the appropriate City records (e.g., general ledger accounts). Deloitte will provide the Service 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 Service'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 Service.
6. Draft financial statements with appropriate supporting documentation are not prepared accurately and timely by the Service's personnel.
7. Electronic files in an appropriate format and containing the information requested are not provided by the Service on the date requested for our use in performing file interrogation. Deloitte will provide the Service with a separate listing of the required files and the dates the files are needed.
8. The engagement team, while performing work on the Service's premises, is not provided with high-speed access to the Internet via the Service's existing network or through a T1, DSL, or cable connection for purposes of conducting the engagement.

#### **Significant issues or changes**

1. Significant weaknesses are identified in the Service's internal control that results 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 Service's financial reporting process or IT systems.
  - e. Changes in the Service's accounting personnel, their responsibilities, or their availability.
  - f. Changes in auditing standards.
  - g. Change in the Service'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 E**

## **Expected form of audit report**

**Calgary Police Service**  
**Year ending December 31, 2013**

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 Members of the Calgary Police Commission

We have audited the accompanying financial statements of the Calgary Police Service, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management's is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting 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.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Police Service as at December 31, 2013, and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

(To be signed Deloitte LLP)

Chartered Accountants

May ●, 2014  
Calgary, Alberta

## Appendix F

### General business terms

Calgary Police Service  
Year ending December 31, 2013

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 the Calgary Police Service (the “Client”) 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 Client of its obligations as set out in the engagement letter.
2. **Right to terminate services** - If the Client terminates the engagement or requests that Deloitte resign from the engagement prior to its completion, the Client 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 Client not fulfill its obligations set out herein or in the engagement letter, and in the absence of rectification by the Client 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 Client personnel. Deloitte undertakes to advise management of the Client 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 Client 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 Client 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 Client 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 Client for such services. Deloitte Canada LLP shall invoice the Client 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 Client 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 Client will reimburse Deloitte

for its professional time and expenses, including legal fees, incurred in dealing with such matters. Deloitte will not return or provide records or information obtained in the course of the engagement to the Client if it is illegal to do so or if Deloitte is requested to withhold the records or information by law enforcement or other public or regulatory authorities (regardless of whether the engagement has been terminated).

8. **Privacy** - Deloitte and the Client acknowledge and agree that, during the course of this engagement, Deloitte may collect personal information about identifiable individuals (“Personal Information”), either from the Client or from third parties. Deloitte’s services are provided on the basis that the Client has obtained any required consents for collection, use and disclosure to us of Personal Information required under applicable privacy legislation. The Client and Deloitte agree that Deloitte will collect, use and disclose Personal Information on behalf of the Client solely for purposes related to completing this engagement, providing services to the Client 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 Client 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 Client, Deloitte will not disclose such information to any third party without the Client’s consent, except:
  - (a) as may be required or permitted by legal authority, the rules of professional conduct/code of ethics; or
  - (b) 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** - The Company and those charged with governance hereby consent to the use by Deloitte of the affiliates of Deloitte LLP (U.S.) (collectively “DTOP”), which are located outside of Canada (including in India), as subcontractors. The Company and those charged with governance further consent to the disclosure of any information (including confidential and Personal Information about the Company, related entities, personnel and third parties) by Deloitte to DTOP in order for DTOP to perform the services subcontracted. The Company acknowledges that, by consenting to the disclosure, the information provided to DTOP may become subject to the domestic and international laws applicable to DTOP.
13. **Survival of terms** - The agreements and undertakings of the Client 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 Client and Deloitte acknowledge where the audit is conducted pursuant to a statute governing the Client 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 Client and Deloitte are not subject to such statutory provisions regarding proportionate liability, the Client 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 Client 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 Client, and the Client releases Deloitte, for all liabilities, claims, damages, costs, charges and expenses incurred or suffered by the Client 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 Client, officer of the Client or member of the board of directors of the Client.
16. **Qualifications** - Notwithstanding anything herein to the contrary, Deloitte may use the name of the Client and the performance of the services in marketing and publicity materials, as an indication of its experience, and in internal data systems.
17. **Language** - The parties have requested that this Agreement and all communications and documents relating hereto be expressed in the English language.