

Audit Committee 2013 Annual Report Narrative

One of the Audit Committee's primary goals in fulfilling its mandate is to provide a standard of audit governance for The City at a level that is comparable to the current standard for audit committees in the public and private sectors. Audit Committee membership at The City of Calgary consists of seven independent members appointed by City Council: four City Councillors who have been elected by the citizens of Calgary and three volunteer citizen members with financial expertise.

The City's Audit Committee oversees the activities of the external auditor and the City Auditor's Office to assist in ensuring City Administration's accountability to City Council. The Audit Committee engages independent external auditors in order to fulfill The City's legislated audit requirements. The current external auditor for The City is Deloitte LLP.

Deloitte LLP carried out the audit of The City of Calgary's 2013 financial accounts in accordance with Canadian Generally Accepted Auditing Standards, and had full and unrestricted access to the Audit Committee to discuss the audit and related findings. This external audit function adds assurance to the integrity of The City's financial statements and reporting processes. Audit Committee reviews The City's Annual Financial Statements and recommends City Council approval of The City's financial statements as audited by the external auditor and presented in this 2013 Annual Report.

The City Auditor's Office is independent from City Administration and reports to City Council through the Audit Committee. The City Auditor's independence and terms of reference are provided for in the City Auditor's Bylaw and City Auditor's Office Charter. The City Auditor's Office is the independent internal audit of The City of Calgary. The City Auditor submits an annual work plan to the Audit Committee for approval. Audit Committee can add items to the City Auditor's work plan; however, the Audit Committee can not remove items from the work plan. Open disclosure is encouraged and all audit reports by the City Auditor's Office are provided to the Audit Committee to review when completed. Audit reports are a matter of public record.

The City Auditor's Office oversees the Whistleblower Program, which may include complaints from City employees and members of the public. The City Auditor's Office reports on those complaints and the outcomes, subject to confidentiality, to the Audit Committee.

In 2013, major areas of focus for Audit Committee, in addition to those areas already noted, included the evaluation and recommendation of an external auditor to City

Council, the evaluation and recommendation of a new City Auditor to City Council, implementation of a new Audit Resource Management area, and review and recommendation of a new City Auditor Bylaw and City Auditor's Office Charter. The Audit Committee also provided oversight of The City's integrated risk management framework, financial disclosure and accounting practices, code of conduct, legal compliance and control environment. The Audit Committee coordinated its governance responsibilities with audit committees of The City's major autonomous civic entities as determined by the Audit Committee.

The Audit Committee maintains a review of the Audit Committee Bylaw on a regular basis to ensure the Audit Committee Bylaw and the terms of reference therein reflect best practices in audit governance. The Audit Committee Bylaw came into effect in October 2013 and was most recently reviewed and amended in December 2013.

The Audit Committee has been successful in ensuring that the right professionals and appropriate level of resources are in place to continue to fulfill the Audit Committee's mandate.