

## **The City of Calgary** 2017 Audit service plan

For the year ended December 31, 2017  
Presented to the Audit Committee  
July 27, 2017

July 17, 2017

To the Members of the Audit Committee of  
The City Council of The City of Calgary

## 2017 Audit service plan

Dear Audit Committee Members:

We are pleased to provide you with our audit service plan for The City of Calgary ("The City") for the year ending December 31, 2017. This document describes the key features of our plan including our audit scope and approach, our planned communications with you, our team and an estimate of our fees.

We are proud of our relationship with The City. Our objective at Deloitte is to set the standard of excellence and our team is committed to providing an efficient, high-quality audit. Our commitment to you is straightforward: we will provide you with outstanding professional services delivered by an experienced and dedicated team of specialists. Our professionals will continue providing you with best practices and insights to face the increasingly complex array of issues and challenges encountered by The City.

Our engagement will include:

- An audit of The City's consolidated financial statements (the "Financial Statements") as at and for the year ending December 31, 2017 prepared in accordance with Canadian public sector accounting standards ("PSAS") and conducted in accordance with Canadian generally accepted auditing standards ("GAAS");
- An audit of the Municipal Information Return for the year ending December 31, 2017;
- An audit of the Funds Held in Trust by The City for the year ending December 31, 2017; and
- An audit of The City newspaper insert for the year ending December 31, 2017 (summarization of The City's 2017 financial information).

We are providing this audit service plan to the Audit Committee (the "Committee") on a confidential basis. It is intended solely for the use of the Committee to assist it in discharging its responsibilities with respect to the Financial Statements for the year ending December 31, 2017 prepared in accordance with PSAS and is not intended for any other purpose. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We look forward to discussing our audit service plan with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants

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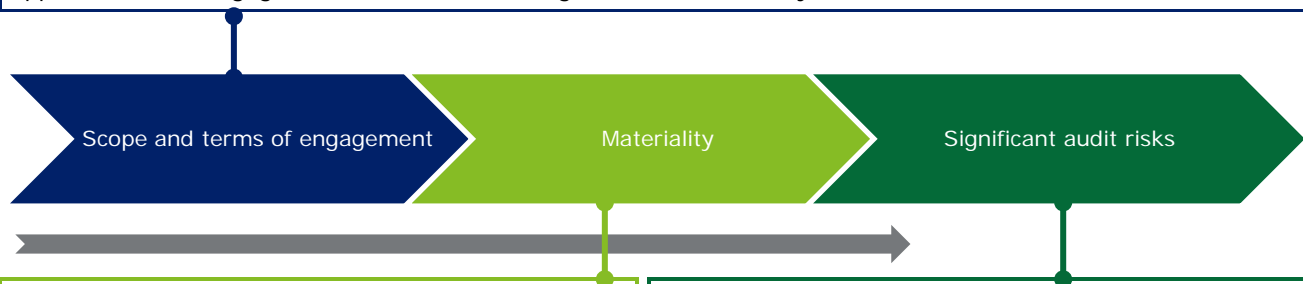
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# Our audit explained

## Audit scope and terms of engagement

We have been asked to perform an audit of The City's consolidated financial statements (the "financial statements") in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ending December 31, 2017. Our audit will be conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the draft engagement letter, which is included in Appendix 9. Our engagement letter should be signed on behalf of City Council and Administration.



## Materiality

We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

Materiality levels are determined on the basis of consolidated budgeted operating expenses and other qualitative factors. Our preliminary estimate of materiality for the year ending December 31, 2017 has been set at \$57,000,000 (2016, \$54,000,000).

We will inform the Committee of all corrected and uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we will ask that any misstatements be corrected.

## Significant audit risks

Through our preliminary risk assessment process, we have identified the significant audit risks. These risks of material misstatement and related audit responses are discussed in the Significant audit risks section of this report (pages 3 to 7).

### Fraud risk

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Asking people involved in the financial reporting process about inappropriate or unusual activity.
2. Testing a sample of journal entries throughout the period as well as adjustments made at the end of the reporting period.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business.
4. Evaluating whether your accounting policies may be indicative of fraudulent financial reporting resulting from Administration's effort to manage earnings.
5. Evaluating whether the judgements and decisions related to Administration estimates indicate a possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will also ask the Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting The City and their role in the oversight of Administration's antifraud programs.

If we suspect fraud involving Administration, we will immediately inform the Committee of our suspicions and discuss the nature, timing, and extent of audit procedures necessary to complete the audit.

### Complete engagement reporting

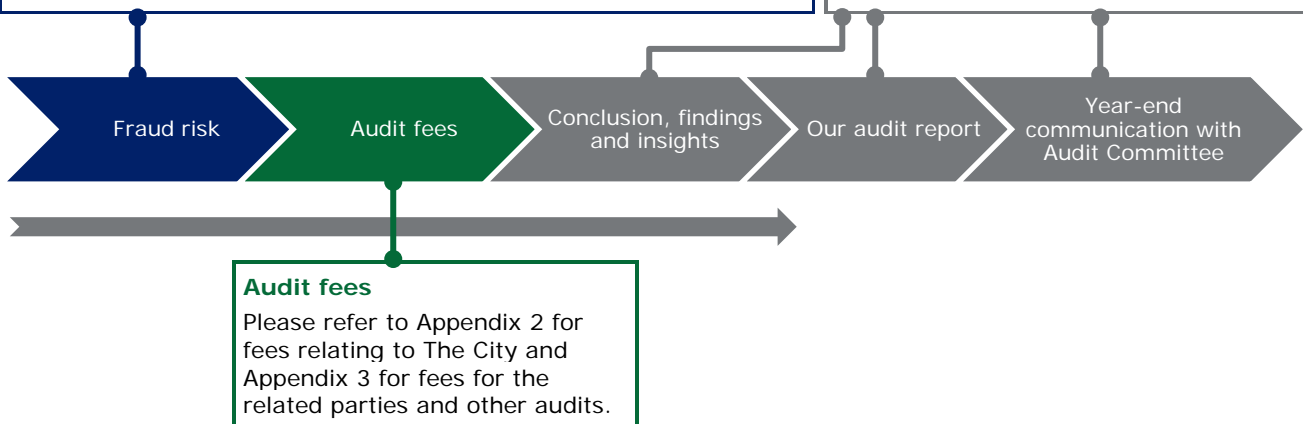
#### Audit reporting

Under Canadian GAAS, we are required to communicate certain matters to the Committee. The primary reports and formal communications through which we will address these matters are:

- This Audit Service Plan
- Year End Communication, and
- Our Auditor's Report on the financial statements.

#### Management Recommendations Letter

We will provide you with insights into the condition of your operations, controls and offer meaningful suggestions for improvement.



# Significant audit risks

During our risk assessment, we identified some significant audit risks that will require special audit consideration. These risks, together with our planned responses, are described below.

## Tangible Capital Assets

### Audit risk

Completeness and valuation of Tangible Capital Assets ("TCA").

### Our proposed audit response

- We will audit The City's TCA additions, disposals and amortization along with related disclosures. Our testing will include, on a sample basis, reviewing amounts included in the current year transactions to ensure only amounts that meet the definition of capital are included and are appropriately valued.
- We will also review a sample of items recorded as repairs and maintenance to ensure these amounts are appropriately expensed.
- We will assess impairment indicators of TCA and will consider the need and amount of potential write downs.
- We will test TCA work in progress ("WIP") additions to ensure these WIP additions were appropriately accounted for as work in progress. We will also test the aging of TCA projects to ensure appropriate accounting treatment of those projects in the year-end financial statements.
- Given the nature of the TCA held by The City, there is a risk for misclassification of the respective TCA. As a result, we will perform increased substantive testing of the financial statement disclosures.

## Administration override of controls

### Audit risk

Assurance standards include the presumption of Administration override of controls as a significant risk.

Administration may be in a unique position to perpetrate fraud because of Administration's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

### Our proposed audit response

- We will engage in periodic fraud discussions with certain members of senior Administration and others, including The City Auditor, City Manager and the Committee. We will consider the potential for bias in judgments and estimates, including performing retrospective analysis of significant accounting estimates. We will evaluate the business rationale for any significant unusual transactions.
- We will evaluate The City's fraud risk assessment and consider entity-level internal controls and internal controls over the closing and reporting process. We will test journal entries that exhibit characteristics of possible Administration override of controls identified.

## P3 Agreements

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### Audit risk

During fiscal 2015 and 2016, The City signed the following P3 agreements:

Stoney Transit Facility effective September 13, 2016 and the Composting Facility Project effective June 25, 2015.

P3 agreements can include a number of complex underlying accounting treatments which require an in-depth, detailed analysis to ensure all accounting and financial reporting matters impacting the consolidated financial statements are taken into consideration. As there is currently no specific accounting standard under PSAS which provides accounting and financial reporting guidance, an entity is required to complete its own analysis specific to the agreement entered into in conjunction with existing accounting standards.

As the Composting Facility Project was completed in fiscal 2017, The City will commence accounting for this facility in the year end financial statements as TCA.

Due to the highly complex nature of P3 agreements and the related accounting implications there is a risk the accounting for these transactions is not complete or accurate. There is also a risk that the financial statement presentation and disclosure is not complete.

### Our proposed audit response

- We will apply audit procedures on the accounting transactions and review related financial statement presentation and disclosure for the P3 agreements to ensure that these transactions have been accurately and completely recorded in the year-end financial statements in accordance with Administration's proposed accounting treatment and applicable accounting standards.
- We will also review the disclosure in the year-end financial statements to ensure this is in compliance with applicable accounting standards.

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As we perform our audit procedures, we will inform you of any significant changes to the significant risks discussed above and the reasons for those changes.

# Areas of focus for 2017

## PS 3260, Liability for contaminated sites

### Audit risk

PS 3260, *Liability for contaminated sites* ("PS 3260") was required to be adopted for the year ended December 31, 2015. PS 3260 established standards on how to account for and report a liability associated with the remediation of contaminated sites. The standard defines which activities should be included in a liability for remediation, the timing of this recognition, the method of measurement and provides the requirements for financial statement presentation and disclosure purposes.

There is a risk that the liability recorded for contaminated sites is not complete or accurate. There is also a risk that the application of the standard is not consistent with the guidance provided within PS 3260.

### Our proposed audit response

- We will review The City's methodology for application of this standard on city owned land and property. We will audit the assumptions and the calculation of the liability associated with the potential remediation costs. We will also review The City's assessment of all sites identified as having a high risk of contamination which were not completed in 2016.

A review of financial statement disclosure relating to this liability will also be performed to ensure disclosures are consistent with guidance provided by PS 3260.

## PS 3270, Solid waste landfill closure and post-closure liability

### Audit risk

Valuation of environmental liabilities and asset retirement obligations, relating to the accrual of post closure landfill liabilities.

### Our proposed audit response

- We will review The City's estimates of post closure landfill liabilities.
- We will review City Council minutes and legal confirmations, hold discussions with Administration and rely on our knowledge of business to ensure completeness of the liability.
- We will review Administration's estimates and assumptions for reasonability and perform tests of details on the transactions during the year.
- We will require representations to be signed by Administration that all environmental liabilities and clean-up costs are complete and appropriately disclosed.

## Funding contracts

### Audit risk

Disclosure and completeness of liabilities and commitments under funding contracts provided by The City.

### Our proposed audit response

- We will review Administration's assessment of liabilities and commitments required to be recorded or disclosed under agreements entered into during the year.
- We will review a sample of funding contracts entered into during the year to assess Administration's treatment and appropriate recording of these transactions.
- We will also assess the completeness of the balances via a review of City Council minutes and performing a search for unrecorded liabilities as well as a review of prior year estimates.



## Capital deposits and deferred revenue

### Audit risk

Completeness and valuation of capital deposits and recognition of deferred revenue.

### Our proposed audit response

- We will select a sample of capital projects in progress over the year and ensure costs and related revenues are recorded in the correct period.

## Related parties (authorities / subsidiaries / civic partners)

### Audit risk

Completeness and disclosure of the accounting for organizations included in the government reporting entity (related authorities or subsidiaries).

### Our proposed audit response

- We will review The City's accounting policies and any changes therein related to its related parties.
- We will verify that the related parties have been accounted for and disclosed in accordance with The City's accounting policies and PSAS and perform separate audits of significant related parties.
- We will audit all material balances relating to the related parties.

## Litigation accruals and contingencies

### Audit risk

Completeness and accuracy of claims and litigation matters of The City and its related authorities.

### Our proposed audit response

- We will enquire with The City's legal department and City Solicitor to determine the status of outstanding legal matters.
- We will review legal correspondence from The City Solicitor and discuss the status of outstanding legal matters with Administration and others, as necessary.
- We will then work with Administration to assess the appropriateness of any contingent liabilities and financial statement disclosures.

## Government grants and transfers

### Audit risk

Accounting and disclosure of government grants and transfers.

### Our proposed audit response

- We will review a sample of funding agreements to determine if the contract requires financial statement disclosure.
- We will review a sample of federal and provincial transfer payments received during the year to fund specific projects.
- We will review the related funding agreements to ensure funds are used for their intended purpose and that revenue is recognized in the appropriate period, including the deferred revenue.
- We will review deferred revenue for compliance with PSAS.
- We will test expenditures and ensure that the corresponding revenue has been recognized.

## Tax revenue

### Audit risk

Completeness and accuracy of the accounting for tax revenue.

### Our proposed audit response

- We will perform reasonability tests on tax revenue balances.
- We will review and test the tax revenue business cycle process controls.
- We will complete data analytical testing on the property tax revenues for the year end.

## Reserves

### Audit risk

Completeness and accuracy of the recording and presentation of reserves.

### Our proposed audit response

- We will review expenditures charged to each reserve and vouch a sample of expenditures to invoices to verify that the transaction was within the terms and conditions approved by City Council.
- We will also review the completeness and accuracy of the financial statement disclosures relating to reserves.

## Long-term debt, pension liability, contractual and other long term obligations

### Audit risk

Disclosure and completeness of long-term debt, pension liability, contractual and other long term obligations.

### Our proposed audit response

- We will review the completeness and accuracy of the financial statement disclosures relating to The City's long-term debt, pension liability, and contractual and other long term obligations.
- We will ensure that these disclosures are in accordance with PSAS guidance.

## Non-standard transactions

### Audit risk

Completeness and accuracy of non-standard transactions.

### Our proposed audit response

- Non-standard transactions are inherently riskier as there is no precedence for which to account for these items. Examples of non-standard transactions may include but are not limited to; transfer of lands to/from the Province, transfer of corporate properties between business units and the purchase and sale of properties.
- We will review large transactions that have occurred during the year to ensure that these transactions have been accurately and completely recorded in the year-end financial statements.

## Implementation of new TCA policies and procedures

### Audit risk

There is a risk that the adoption of new TCA policies and procedures are not implemented in a consistent manner across all business units. The City will be implementing new policies and procedures for the following asset classes during the current year:

- Vehicles; and
- Land and Land Improvements.

### Our proposed audit response

- We will review the policies and procedures implemented to test that they have been designed and implemented effectively and in accordance with PSAS. We will test a sample of new additions to vehicles, land and land improvements to ensure that these additions have been accounted for based on the new policies and procedures.

As we perform our audit procedures, we will inform you of any significant changes to the areas of focus, discussed above and the reasons for those changes.

# Appendix 1 – Audit approach

Deloitte's audit approach is a systematic methodology that enables us to tailor our audit scope and plan to address the unique issues facing The City.

The following steps are not necessarily sequential nor are they mutually exclusive. For example, once we have developed our audit plan and the audit is being performed, we may become aware of a risk that was not identified during the planning phase. Based on that new information, we would reassess our planning activities and adjust the audit plan accordingly.

## 1. Initial planning

The Deloitte audit approach begins with an extensive planning process that includes:

- Assessing your current business and operating conditions
- Understanding the composition and structure of your business and organization
- Understanding your accounting processes and internal controls
- Understanding your information technology systems
- Identifying potential engagement risks
- Planning the scope and timing of internal control and substantive testing that take into account the specific identified engagement risks

## 2. Assessing and responding to engagement risk

Our Audit approach combines an ongoing identification of risks with the flexibility to adjust our approach when additional risks are identified. Since these risks may impact our audit objectives, we consider materiality in our planning to focus on those risks that could be significant to your financial reporting.

### Consideration of the risk of fraud

When we identify a misstatement or control deficiency, we consider whether it may be indicative of fraud and what the implications of fraud and significant error are in relation to other aspects of the audit, particularly the reliability of Administration representations.

In determining our audit strategy to address the assessed risks of material misstatement due to fraud, we will:

- Assign and supervise personnel, taking into account the knowledge, skill and ability of individuals with significant engagement responsibilities and our assessment of the risks of material misstatement due to fraud for the engagement.
- Evaluate whether The City's selection and application of accounting policies, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting resulting from Administration's effort to manage earnings.
- Incorporate an element of unpredictability when selecting the nature, timing and extent of our audit procedures.

We will inquire directly of the Committee regarding:

- Its views about the risk of fraud
- Whether it has knowledge of any actual or suspected fraud affecting The City, and

- The role it exercises in the oversight of fraud risk assessment and the establishment of mitigating controls.

We will also inquire if the Committee is aware of tips or complaints regarding The City's financial reporting (including those received through The City's internal whistleblower program), and, if so, the Committee's responses to such tips and complaints and whether it is aware of matters relevant to the audit, including, but not limited to, violations or possible violations of laws or regulations.

If we suspect fraud involving Administration, we will communicate these suspicions to the Committee and discuss the nature, timing, and extent of audit procedures necessary to complete the audit.

### **Information technology**

An important part of our audit planning process involves gaining an understanding of:

1. The importance of the computer environment relative to the risks to financial reporting
2. The way in which that environment supports the control procedures we intend to rely on when conducting our audit, and
3. The computer-based information that supports our substantive procedures.

The objective of our review of computer controls is to identify potential areas of risk and assess the relevance, reliability, accuracy and completeness of the data produced by the systems. We also assess the operating effectiveness of the computer environment and determine the reliability of the financial information used to generate the financial statements. To accomplish this, we gain an up-to-date understanding of your organization's computer processing environment and our understanding of the relevant general computer controls. We then conduct tests to support our conclusion on the operating effectiveness of controls considered relevant to the audit.

We will assess the design and effectiveness of general computer controls in the following areas:

- Data centre and network operations;
- System software acquisition, change and maintenance;
- Program change;
- Access security; and
- Application system acquisition, development and maintenance.

### **3. Developing and executing the audit plan**

The performance of an audit includes evaluating the design and determining the implementation of internal controls relevant to the audit, testing the operational effectiveness of the controls we intend to rely on, and performing substantive audit procedures.

### **Audit procedures**

The timing of our audit procedures is dependent upon a number of factors including the need to coordinate with Administration for the provision of supporting analysis and other documentation. Generally, we perform our audit procedures to allow us sufficient time to identify significant issues early, thereby allowing more time for analysis and resolution.

### **Tests of controls**

As part of our audit, we will review and evaluate certain aspects of the systems of internal control over financial reporting to the extent we consider necessary in accordance with Canadian GAAS. The main objective of our review is to enable us to determine the nature, extent and timing of our audit tests and establish the degree of reliance that we can place on selected controls. An audit of the financial statements is

not designed to determine whether internal controls were adequate for Administration's purposes or to provide assurance on the design or operational effectiveness of internal control over financial reporting.

The extent to which deficiencies in internal control may be identified through an audit of financial statements is influenced by a variety of factors including our assessment of materiality, our preliminary assessment of the risks of material misstatement, our audit approach, and the nature, timing and extent of the auditing procedures that we conduct. Accordingly, we gain only a limited understanding of controls as a result of the procedures that we conduct during an audit of financial statements.

We will inform the Committee and Administration of any significant deficiencies that are identified in the course of conducting the audit.

### **Substantive audit procedures**

Our substantive audit procedures consist of a tailored combination of analytical procedures and detailed tests of transactions and balances. These procedures take into account the results of our controls tests and are designed to enable us to obtain reasonable assurance that the financial statements are free from material misstatements. To obtain this assurance, misstatements that we identify while performing substantive auditing procedures will be considered in relation to the financial statements as a whole. Any misstatements that we identify, other than those that are clearly trivial (the clearly trivial threshold has been set at 5% of materiality), will be reported to Administration and the Committee. In accordance with Canadian GAAS, we will request that misstatements be corrected.

## **4. Reporting and assessing performance**

### **Perform post-engagement activities**

We will analyze the results of the audit procedures performed throughout the year and, prior to rendering our report, we will conclude whether:

- The scope of the audit was sufficient to support our opinion, and
- The misstatements identified during the audit do not result in the financial statements being materially misstated.

### **Independence**

We have developed important safeguards and procedures to protect our independence and objectivity. If, during the year, we identify a breach of independence, we will communicate it to you in writing. Our communication will describe the significance of the breach, including its nature and duration, the action taken or proposed to be taken, and our conclusion as to whether or not the action will satisfactorily address the consequences of the breach and have any impact on our ability to serve as independent auditor to The City.

We are independent of The City and we will reconfirm our independence in our final report to the Committee.

## **5. Leveraging technology**

Our audit approach utilizes fully automated, paperless audit software where information and supporting schedules are prepared and exchanged electronically. Our audit software facilitates leveraging what The City already prepares as part of account analysis and financial closings and allows us to share files and work papers with our engagement team members. We use other web-based connectivity tools and file interrogation software to quickly and comprehensively analyze data.

Our audit software supports the full lifecycle of an audit engagement. The proprietary software we use is globally connected and allows for real-time tracking, ultimately providing better status reporting to our clients. Our software leverages industry guidance and knowledge so that we tailor our approach in a meaningful way to reflect the nuances of our clients' businesses. Our ability to customize our software to each client's specific situation enables us to have more engaging business conversations. In addition, our software allows us to track findings and observations noted throughout the course of our audit, enabling us to provide our clients with more meaningful insights and discuss any issues as they arise with fewer surprises.

The tools described in the following table help us determine our audit scope, prepare consistent audit work papers and files, conduct analytical procedures, select data for testing, accumulate audit results and monitor progress to provide for the timely completion of tasks. In addition, we intend to make full use of The City's own technologies to gain further efficiencies.

Technology	Description	Benefits
<b>DeloitteAudit System</b>	Deloitte's audit software, incorporating audit-specific templates, reference materials, support documents and Administration insights.	<ul style="list-style-type: none"> <li>• Rapid and effective electronic transfer of information among the audit team members.</li> </ul>
<b>Deloitte Spotlight</b>	An integrated analytics application that leverages analytical data techniques to more effectively test large volumes of journal entry data, in order to uncover unusual trends, patterns, or anomalies in The City's journal entries.	<ul style="list-style-type: none"> <li>• Enables easy extraction from your systems and other applications in a consistent and repeatable format that requires minimal effort from you.</li> <li>• Allows for the customization of characteristics of fraudulent journal entries, which are specific to particular circumstances.</li> <li>• Analyzes the entire journal entry data set and returns results in a matter of minutes.</li> <li>• This tool further enhances the data analytics &amp; visualization tools above for testing of journal entries.</li> </ul>
<b>Data Analytics &amp; Visualization</b>	The City will get an enhanced access to leading practices in data mining and insightful analytics reports. Our Data Visualization Toolset can also help more clearly, and effectively, interpret and understand complex data sets.	<ul style="list-style-type: none"> <li>• Pinpoints risks more effectively, allowing us to focus on outliers and reduces efforts spent on tedious detail testing that provides less insight.</li> <li>• Allows for the visualization of the group audit scope and strategy to very quickly assess the sufficiency of coverage.</li> <li>• This tool is currently utilized on The City audit engagement through testing of property and business tax revenue.</li> </ul>

Technology	Description	Benefits
<b>Deloitte Technical Library</b>	A comprehensive online compilation of accounting and financial disclosure literature that allows Deloitte to research specific accounting issues and functions through access to authoritative literature from pertinent regulatory bodies, as well as our own interpretations and guidance.	<ul style="list-style-type: none"> <li>The extensive accounting and reporting guidance helps support the quick and efficient research of complex accounting matters.</li> </ul>

## 6. Audit scope uncertainty

Our audit service plan is based on several assumptions. Circumstances may arise during the engagement that could significantly affect the scope, extent and timing of our audit procedures. These circumstances may include, but are not limited to:

- A deterioration in the quality of The City's accounting records during the current year engagement compared to the prior year engagement;
- The identification of significant deficiencies in The City's internal control that result in the expansion of our audit procedures;
- The identification, during our audit, of a significant level of proposed audit adjustments; and
- The occurrence of significant new issues or changes, such as:
  - New accounting issues;
  - Changes in accounting policies or practices from those used in prior years;
  - Events or transactions not contemplated in our budget;
  - Changes in The City's financial reporting process or IT systems;
  - Changes in The City's accounting personnel, their responsibilities, or their availability;
  - Changes in auditing standards;
  - Significant adjustments to TCA accounts and balances;
  - Changes in The City's use of experts or specialists and/or their work product does not meet the qualifications that Canadian GAAS require for us to be able to use their work; and
  - Changes in the audit scope caused by events that are beyond our control.

If any of these or similar such circumstances arise during the course of our audit we will discuss them on a timely basis with Administration and provide the Committee with a report regarding the impact on our audit at its next scheduled meeting. Matters that we consider to be significant and that may be sensitive from a reporting timing perspective will be communicated immediately to the Chair of the Committee.



# Appendix 2 – Audit fees

We focus our activities and make every effort to optimize the efficiency of our audit.

We recognize and are sensitive to your concerns about managing costs. Therefore, we will maximize the efficiency of our audit by focusing on risk areas and coordinating our activities with Administration. Furthermore, our current audit plan builds upon the successes achieved in the 2016 year-end audit.

We have challenged our professionals to identify engagement efficiencies and considered their suggestions when developing our audit plan.

The following fee estimate is preliminary and may be adjusted based on the final scope of our audit and our final determination of the audit procedures that we consider necessary to enable us to express an opinion on the financial statements. Our anticipated level of work and the associated fee estimate do not include the effect of any regulatory or other changes to existing auditing and accounting standards yet to be issued. We will seek the Committee's pre-approval before commencing the additional procedures arising from these unexpected changes.

The 2017 estimated fees are as follows:	Current year*	Previous year*
<b>Audit fees</b>		
The City of Calgary consolidated financial statement audit	\$265,000	\$258,500
Municipal Information Return	\$4,500	\$4,400
Funds Held in Trust Audit	\$1,740	\$1,700
Newspaper insert (summarization of The City's financial information)	Included in the City of Calgary Audit fee	Included in the City of Calgary Audit fee
PS 3260, <i>Liability for contaminated sites</i>	\$5,000	\$10,000
Review of implementation of TCA Vehicles, Land and Land Improvements (2016 – Buildings and Engineered Structures) policies and procedures on a prospective basis	\$17,500	\$17,500
Audit procedures on accounting transactions and related financial statement disclosure of P3 Agreement – Stoney Transit Facility dated of September 13, 2016	\$5,000	\$24,500
Audit procedures on accounting transactions and related financial statement disclosure of P3 Agreement – Composting Facility Project dated June 25, 2015	\$7,500	\$14,500
Audit procedures on related authorities for consolidation purposes	\$16,500	\$16,500
TCA prior period adjustments (if applicable)	TBD	\$30,000
Testing of the implementation and internal controls relating to the TCA Costing Module	\$18,000	-
Additional audits as requested by Administration and the Committee up to approval limit	\$25,000	\$25,000
<b>Total</b>	<b>\$365,740</b>	<b>\$402,600</b>

\* These fees exclude the 7% administrative charge and GST.

# Appendix 3 – Related parties and other audits

## Summary of engagement timing and estimated fees – December 31, 2017

Entity	Reporting entity relationship	Estimated audit completion	Estimated 2017 audit fee***	2016 audit fee
The City of Calgary consolidated	City of Calgary Audit Committee	April 2018	\$265,000	\$258,500
Calgary Municipal Land Corporation	Calgary Municipal Land Corporation Audit Committee	April 2018	\$50,400	\$49,200
Calgary Parking Authority	Calgary Parking Authority Audit Committee	March 2018	\$87,000**	\$85,075**
Calgary Public Library	Calgary Public Library Finance and Audit Committee	March 2018	\$38,800	\$37,825
Calhome Properties Ltd.	Calhome Properties Ltd. Audit Committee	March 2018	\$76,500	\$74,620
Calgary Police Service	Calgary Police Commission	May 2018*	\$48,400	\$47,250
TELUS Convention Centre	TELUS Convention Centre Audit Committee	March 2018*	\$40,900	\$39,925
ENMAX Corporation	ENMAX Audit Committee	March 2018	\$398,000	\$387,370
Elected Officials Pension Plan	Pension Governance Committee	May 2018	\$7,100	\$6,970
Supplementary Pension Plan	Pension Governance Committee	May 2018	\$13,600	\$13,225
Municipal Employees Benefits Association of Calgary	Executive Committee of Municipal Employees Benefits Association of Calgary	April 2018	\$24,800	\$24,190
Family & Community Support Services	City of Calgary Administration	April 2018	\$19,400	\$18,950
Municipal Information Return	City of Calgary Administration	April 2018	\$4,500	\$4,400
Funds Held in Trust	City of Calgary Administration	April 2018	\$1,740	\$1,700
Core Benefit Plan	Audit to be completed every four years – next audit will be fiscal 2018	-	-	-
		<b>Total</b>	<b>\$1,076,140</b>	<b>\$1,049,200</b>

\*Fieldwork will be completed by March 2018.

\*\*Report under International Financial Reporting Standards.

\*\*\*The fee estimate is an increase of 2.5% over the 2016 audit fee. The fees exclude the 7% Administrative charge and GST.

### Consolidation

For the purposes of The City's consolidated financial statements, each reporting entity is required to provide their final internal financial statements to Administration prior to completion of the consolidated audit. The timing of our audit procedures is planned for completion prior to the anticipated final auditor's report for The City. Our final auditor's reports are presented to each reporting entity at their respective Audit Committee meetings.

# Appendix 4 – Communication requirements

Required communication	Reference
<b>Audit Service Plan</b>	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS <sup>1</sup> 260.14
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> </ul>	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
<b>Enquiries of those charged with governance</b>	
4. How those charged with governance exercise oversight over Administration's process for identifying and responding to the risk of fraud and the internal control that Administration has established to mitigate these risks	CAS 240.20
5. Any known suspected or alleged fraud affecting The City	CAS 240.21
6. Whether The City is in compliance with laws and regulations	CAS 250.14
<b>Year-end communication</b>	
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.
9. Alternative treatments for accounting policies and practices that have been discussed with Administration during the current audit period	CAS 260.16 a.
10. Matters related to going concern	CAS 570.23
11. Administration judgments and accounting estimates	CAS 260.16 a.
12. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.
13. Material written communications between Administration and us, including Administration representation letters	CAS 260.16 c.
14. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16 d.
15. Modifications to our opinion(s)	CAS 260.A18

<sup>1</sup> CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Required communication	Reference
Year-end communication	
16. Our views of significant accounting or auditing matters for which Administration consulted with other accountants and about which we have concerns	CAS 260.A19
17. Significant matters discussed with Administration	CAS 260.A.19
18. Matters involving non-compliance with laws and regulations that come to our attention	CAS 250.23
19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265
20. Uncorrected misstatements and disclosure items	CAS 450.12-13
21. Any significant matters arising during the audit in connection with The City's related parties	CAS 550.27

# Appendix 5 – Audit team

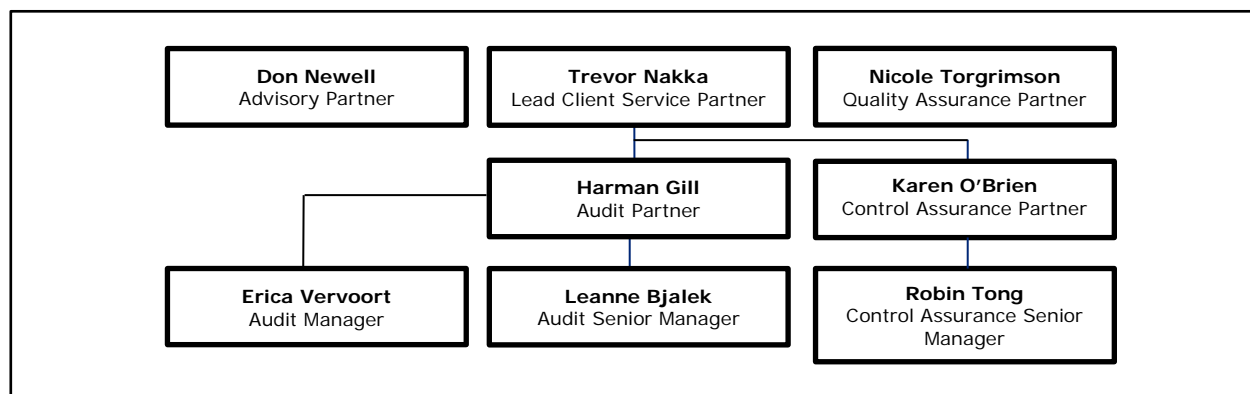
We are led by Trevor Nakka, lead client service partner. As a team we are committed to delivering on Deloitte's client service principles to:

- **make** and meet our commitments to our clients
- **understand** our clients' business and what is important to them
- **provide** value and build The City through technical competence and consistent results
- **demonstrate** professionalism through effective interaction and communications, and
- provide a **no surprises** experience.

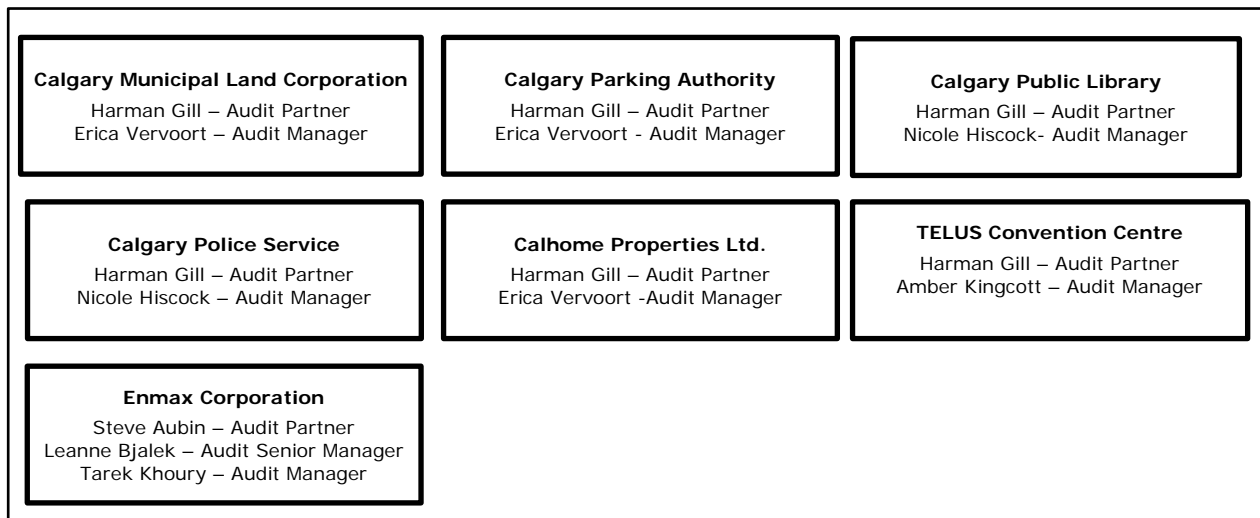
Our audit team members have been chosen for their experience and expertise. Trevor Nakka and/or Harman Gill will attend all Committee meetings and will be accompanied by one or more additional engagement team members, depending on the meeting agenda.

The key members of the core audit engagement of The City and related parties are listed below:

## The City of Calgary



## Related Authorities



# Appendix 6 – 2017 Summary audit timeline

This calendar indicates our various procedures and meetings as planned throughout the year:

[illegible]

# Appendix 7 – Audit committee terms of reference

As the external auditors of The City we have the privilege of assisting the Committee in the fulfillment of the Committee's terms of reference. The following table outlines our involvement in the fulfillment of specific terms of reference and any reports that we will issue following the completion of the 2017 audit.

Bylaw 48M2012	Description	Related Deloitte Involvement
Schedule B, 1(b)	Pre-approves all audit and non-audit services performed by the External Auditor.	All audit and non-audit services are presented to the Committee for pre-approval prior to the commencement of such work.  Independence letter summarizing the fees for all services performed to be presented to the Committee at the April 2018 meeting.
Schedule B,1(c)	Requires the External Auditor, as an expert in accounting and financial reporting, to express independent judgment about the appropriateness and acceptability of The City's financial statements, in accordance with professional standards.	Communicated in the year-end Audit report to be presented by Deloitte to the Committee at the April 2018 meeting.
Schedule B, 1(d)	Prior to the commencement of the annual external financial audit, review the financial audit plan with the External Auditor.	2017 Audit service plan presented by Deloitte on July 27, 2017.
Schedule B, 1(e)	In conjunction with Administration's presentation of the annual financial statements, receive and review the External Auditor's annual audit report. This report is to be forwarded to Council for information.	Report of the Independent Auditor on the consolidated Financial Statements and year-end Audit report to be presented by Deloitte to the Committee at the April 2018 meeting.
Schedule B, 1(f)	Receives and reviews the External Auditor's Administration letter(s), together with any administrative responses, and forward, either in full or in summary, to Council for information.	Management recommendations letter to be presented by Deloitte at the June 2018 meeting.
Schedule B, 1(g)	The Audit Committee meets with the External Auditor, in the absence of the Administration, at least quarterly.	In-camera sessions held with Deloitte at Committee meetings throughout 2017 and 2018.
Schedule C, 1(g)	Ensures that the combined work of the City Auditor and the External Auditor provides an appropriate level of audit coverage and is effectively coordinated.	Audit work completed will be discussed in the year-end Audit report to be presented by Deloitte to the Committee at the April 2018 meeting.

Bylaw 48M2012	Description	Related Deloitte Involvement
2(a)	Oversees the integrity of, and reviews the annual Financial Statements and recommends their approval to Council.	Report of the Independent Auditor on the consolidated Financial Statements and year-end Audit report to be presented by Deloitte to the Committee at the April 2018 meeting.
2(b)	Reviews and discusses the City's compliance with financial reporting procedures with Administration, the City Auditor and the External Auditor.	Report of the Independent Auditor on the consolidated Financial Statements and year-end Audit report to be presented by Deloitte to the Committee at the April 2018 meeting. Letter of recommendations to be presented by Deloitte at the June 2018 meeting.
2(c)	Engages Administration, the City Auditor and the External Auditor in candid discussions regarding issues that may alter judgment or affect the quality of the reporting process and search for insight into the results.	Participation and attendance by Deloitte at Committee meetings throughout the year.
2(d)	Reviews and discusses areas where changes in accounting standards could have a material impact on financial results, and may request a detailed analysis, prepared by Administration in consultation with the External Auditor, of the implications of those changes.	Appendix 8 of 2017 Audit Service Plan presented by Deloitte on July 27, 2017.
2(e)	Maintains open lines of communication with the External Auditor, City Auditor and Administration.	Participation and attendance by Deloitte at Committee meetings throughout the year.
6(b)(i)	Review reports from Administration and from the City Auditor as to the adequacy and effectiveness of corporate policies such as legal matters, regulations, ethical principles, code of conduct and conflict of interest.	Year-end Audit report to be presented by Deloitte to the Committee at the April 2018 meeting includes our notification of whether any violations of this nature have come to our attention.



# Appendix 8 – Upcoming Financial Reporting Standards

Significant upcoming financial reporting standards and other regulatory requirements that are likely to impact The City's financial reporting for the current and future audits are. These are consistent with information we presented in the 2016 Audit Plan.

Standards	Effective Date
<i>Related Party Disclosures</i> , Section PS 2200	Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.
<i>Assets</i> , Section PS 3210	Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.
<i>Contingent Assets</i> , Section PS 3320	Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.
<i>Contractual Rights</i> , Section PS 3380	Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.
<i>Inter-entity Transactions</i> , Section PS 3420	Fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.
Introduction to Public Sector Accounting Standards	Fiscal years beginning on or after January 1, 2017.
<i>Restructuring Transactions</i> , Section PS 3430	Fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.
<i>Foreign Currency Translation</i> , Section PS 2601	Fiscal years beginning on or after April 1, 2019 except for government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook. Earlier adoption is permitted when adopting Sections PS 1201 and PS 3450.
<i>Financial Instruments</i> , Section PS 3450	Fiscal years beginning on or after April 1, 2019 except for government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook. Earlier adoption is permitted when adopting Sections PS 1201 and PS 2601.
<i>Financial Statement Presentation</i> , Section PS 1201	When Sections PS 2601 and PS 3450 are adopted.
<i>Portfolio Investments</i> , Section PS 3041	When Sections PS 1201, PS 2601 and PS 3450 are adopted.

# Appendix 9 – Draft engagement letter



Deloitte LLP  
700, 850 - 2 Street SW  
Calgary AB T2P 0R8  
Canada

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Fax: 403-213-5791  
[www.deloitte.ca](http://www.deloitte.ca)

July 27, 2017

## **Private and confidential**

The Audit Committee of The City of Calgary  
Councillor Evan Woolley, Audit Committee Chair  
The City of Calgary  
PO Box 2100, Station M  
Calgary, AB T2P 2M5

Mr. Eric Sawyer, Chief Financial Officer  
The City of Calgary  
PO Box 2100, Station M  
Calgary, AB T2P 2M5

Dear Sirs/Mesdames:

Deloitte LLP ("Deloitte" or "we" or "us") is pleased to serve as your professional service provider for The City of Calgary ("The City") for the year ending December 31, 2017.

The purpose of this this letter and any attached appendices (collectively, the "Confirmation Letter") is to confirm our mutual understanding of the services to be provided to you. This Confirmation Letter is issued to you further to the executed engagement letter dated July 21, 2016 (the "Prior Engagement Letter"). This Confirmation Letter is subject to the terms and conditions contained in the Prior Engagement Letter, its accompanying appendices and any subsequent amendments, except to the extent revised herein.

We estimate that our total fees for this audit will be as follows plus reasonable expenses, a 7% administrative charge and applicable taxes (such as Goods and Services Tax):

- \$265,000 for the consolidated financial statement audit (including the audit of the newspaper insert);
- \$4,500 for the audit of the Municipal Information Return;
- \$1,740 for the audit of Funds Held in Trust;
- \$5,000 for the audit of PS 3260 *Liability for Contaminated Sites*;
- \$17,500 for the audit of work completed by The City on the implementation of new processes and policies relating to Tangible Capital Assets – Vehicles, Land and Land Improvements;
- \$5,000 for the review of the accounting transactions of P3 agreement – Stoney Transit Facility dated of September 13, 2016;
- \$7,500 for the review of the accounting transactions of P3 agreement – Composting Facility Project dated June 25, 2015;
- \$16,500 for audit procedures on the related parties for consolidation purposes;

- \$18,000 for the audit of the TCA Costing System;
- \$25,000 for additional audits as requested by Administration and Audit Committee up to approval limit; and
- Fees to be determined for TCA prior period adjustments, if applicable.

This Confirmation Letter (including any documents incorporated by reference) will continue in force for future services provided by us to The City unless amended by mutual agreement.

Please sign and return the attached copy of this Confirmation Letter to indicate your acknowledgement that it is in accordance with your understanding of the arrangements for our services.

Yours truly,

Chartered Professional Accountants  
Enclosure

# Appendix A

## General business terms

The City of Calgary  
December 31, 2017

The following general business terms (the "GBTs") apply to all services that are performed under this Confirmation Letter and the Prior Engagement Letter (the "Services") between Deloitte LLP, a limited liability partnership organized under the laws of Ontario ("Deloitte") and you, The City or other entity that is a party to this Confirmation Letter (the "Client"). The GBTs, the Prior Engagement Letter (including the appendices), and the Confirmation Letter are together the "Agreement".

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 City of its obligations.
2. **Termination** – Either Deloitte or The City may terminate this Agreement and any Services for convenience on 30 days' written notice to the other party. Should either party fail to fulfill their responsibilities under the Agreement, the other party may terminate this Agreement on 30 days' written notice. The City will pay for time and expenses incurred by Deloitte up to the termination date together with reasonable time and expenses incurred to bring the Services to a close in a prompt and orderly manner.
3. **Fees** – Any fee estimates take into account the agreed-upon level of preparation and assistance from The City and Client personnel. Deloitte will advise The City 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.
4. **Billing** – 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 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 Agreement, Deloitte personnel are required to perform the Services in the United States of America ("U.S. Business"), The City 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 City for such Services. Deloitte Canada LLP shall invoice The City 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.
5. **Governing law** – The Agreement will be governed by the laws of the Province where Deloitte's principal office performing the Services is located and all disputes related to the Agreement and Services shall be subject to the exclusive jurisdiction of the courts of such Province.
6. **Working papers** – All working papers, files and other internal materials created or produced by Deloitte related to the Services are the property of Deloitte. In the event that Deloitte is requested by The City or required by legal or regulatory process to produce its files related to the Services in proceedings to which Deloitte is not a party, The City will reimburse Deloitte for its professional time and expenses, including legal fees, incurred in dealing with such matters.
7. **Third parties** – Deloitte's Services are not planned or conducted in contemplation of, or for the purpose of, reliance by any third party (other than The City and any party to whom Deloitte's 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. The City shall use the advice, opinions, reports or other work product of Deloitte

solely for the purposes specified in this Agreement and, in particular, shall not, without the prior written consent of Deloitte, use any advice, opinion, report or other work product of Deloitte in connection with business decisions of any third party or for advertisement purposes. All Services are only intended for the benefit of The City and any party to whom Deloitte's report is addressed. The mere receipt of any advice, opinions, reports or other work product by any other persons is not intended to create any duty of care, professional relationship or any present or future liability between those persons and Deloitte. As a consequence, if copies of any advice, opinions, reports or other work product (or any information derived therefrom) are provided to others under the above exclusions, it is on the basis that Deloitte owes no duty of care or liability to them, or any other persons who subsequently receive the same. Nothing in this section shall be construed as limiting or restricting disclosure of the tax treatment or tax structure of the transaction as described in Rule 3501(c)(i) of PCAOB Release 2005-014 or Internal Revenue Code sections 6011 and 6111 and related Internal Revenue Service guidance.

8. **Privacy** Deloitte and The City agree that, in connection with the engagement, Deloitte may collect, use, disclose and otherwise process personal information about identifiable individuals ("Personal Information"). Deloitte's Services are provided on the basis that The City has obtained any required consents under applicable privacy legislation for collection, use, disclosure and processing to Deloitte of Personal Information.
9. **Confidentiality** – To the extent that Deloitte collects or is provided with Personal Information or any proprietary or confidential information of The City (collectively, "Confidential Information"), Deloitte will not disclose such information to any third party without The City's consent, except as may be required or permitted by law, regulation, legal authority or professional obligations, or as otherwise permitted by this Agreement. Confidential Information may be disclosed by Deloitte to its affiliates and to member firms of Deloitte Touche Tohmatsu Limited and their respective subsidiaries and affiliates ("Deloitte Entities"), component auditors and third parties that provide services to Deloitte. Confidential Information collected by or provided to Deloitte in connection with the Services may be used, processed, disclosed and stored outside Canada by Deloitte, Deloitte Entities, component auditors or third party service providers to Deloitte. Deloitte is responsible to The City for causing any such Deloitte Entities, component auditors and third party service providers to comply with the obligations of confidentiality set out in this section of the Agreement. Confidential Information may be subject to disclosure in accordance with laws applicable in the jurisdiction in which the information is used, processed or stored. The City also agrees that Deloitte may aggregate Confidential Information and use and disclose that information as part of research and advice, including, benchmarking services, provided that all such information will be rendered anonymous and not subject to association with The City.

Except as instructed otherwise in writing, each party consents to the transmission by fax, email and voicemail, both confidential and other types of documents, correspondence and any other information relating to the execution of this Agreement. It is recognized that the parties will use the internet and that the internet may be insecure. Each party will be responsible for protecting its own systems and interests and, to the fullest extent permitted by law, will not be responsible to the other on any basis (contract, tort or otherwise) for any loss, damage or omission in any way arising from the use of the internet by either party or its personnel, including any Deloitte Entity and subcontractor personnel, to access the networks, applications, electronic data or other systems of the other party.

10. **Limitation on liability** – The City and Deloitte agree to the following with respect to Deloitte's liability to The City:
  - a. The City agrees that Deloitte shall not be liable to The City for any claims, liabilities, or expenses relating to this Agreement and any Services for an aggregate amount in excess of three times the fees paid by The City to Deloitte in the twelve months preceding the incident giving rise to the claim.
  - b. In no event shall Deloitte be liable for consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this Agreement or any Services for any loss of revenue or profit,

loss of opportunity, loss of data, or any other commercial or economic loss or failure to realize expected savings.

- c. In any action, claim, loss or damage arising out of this Agreement and any Services, The City agrees that Deloitte's liability will be several and not joint and several and The City may only claim payment from Deloitte of Deloitte's proportionate share of the total liability based on the degree of fault of Deloitte.

The provisions of this section shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This section shall survive termination or expiry of the Agreement. The provisions of this section shall not apply to any liability which by the governing law of the Agreement is unlawful to limit or exclude. In furtherance of the foregoing, from time to time, Deloitte may have individual partners and employees performing the Services within the Province of Quebec who are members of the Ordre des comptables professionnels agréés du Québec. The limitations outlined above in this Section 10 shall not apply to limit the personal civil liability of members of the Ordre des comptables professionnels agréés du Québec performing professional Services hereunder (and with respect to such members, such limitations shall be deemed not to be included in this Agreement). For purposes of this section, "Deloitte" shall mean Deloitte LLP and its directors, officers, partners, professional corporations, employees, subsidiaries and affiliates and to the extent providing Services, any Deloitte Entities and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee. The City agrees that any claims that may arise out of this Agreement or any Services will be brought solely against Deloitte as the contracting party and not against any other Deloitte Entities.

11. **Assignment** – Except as provided herein, no party may assign, transfer, or delegate any of its rights or obligations relating to the Agreement without the prior written consent of the other party. Deloitte may assign its rights and obligations under this Agreement to any affiliate or successor in interest to all or substantially all the assets or business of the relevant Deloitte practice.
12. **Deloitte Entities and subcontractors** – Deloitte may use the services of any Deloitte Entities, component auditors, or other subcontractors (including those operating outside Canada) to assist Deloitte. Deloitte remains responsible to The City for Services performed by Deloitte Entities and subcontractors.
13. **Survival** – Any clause that is meant to continue to apply after termination of the Agreement will do so.
14. **Entire Agreement** – The Agreement forms the entire agreement between the parties in relation to the Services and supersedes all other oral and written representations, understandings or agreements related to the Services.
15. **Severability** – If a court or regulator with proper jurisdiction determines that a provision of this Agreement is invalid, then that provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of the Agreement will remain in effect.
16. **Qualifications** – Notwithstanding anything herein to the contrary, Deloitte may use the name of The City, refer to this Agreement and the performance of Services in marketing, publicity materials and other material, as an indication of its experience, and in internal data systems.
17. **Tax services and review by tax authorities** – The City shall cooperate with Deloitte in the performance by Deloitte of tax related Services, including, without limitation, providing Deloitte with reasonable facilities and timely access to data, information and personnel of The City. Client shall be responsible for the performance of its personnel and agents, for the timeliness, accuracy and completeness of all data and information (including all financial information and statements) provided to Deloitte by or on behalf of The City and for the implementation of any advice, opinions, reports or other work product in any form provided as part of the Services. Deloitte may use and rely on information and data furnished by The City or others without verification. Deloitte's performance shall be dependent upon the timely performance of The City's responsibilities hereunder and timely decisions and approvals of The City in connection with the Services. Deloitte shall be entitled to rely on all decisions and approvals of The City. To the extent The City requests tax related Services, Deloitte will use professional judgment in resolving questions affecting The City relating

to the tax Services to be provided by Deloitte. Where there are alternative filing positions or tax transactions, Deloitte will undertake to describe the benefits and risks of each so that The City can make an informed decision. All returns are subject to examination by taxation authorities and The City's returns may be audited and challenged by Canadian and other tax authorities. The City understands that Deloitte's tax advice or opinions are not binding on tax authorities or the courts and should never be considered a representation, warranty, or guarantee that the tax authorities or the courts will concur with Deloitte's advice or opinion. Any tax assistance provided by Deloitte will be based upon the law, regulations, cases, rulings, and other tax authority in effect at the time the specific tax assistance is provided. Deloitte may provide The City with draft copies of returns or tax advice. Where any drafts are finalized and provided to The City in final form, such previous drafts should not be relied upon. Nothing in this Agreement shall be construed as limiting or restricting disclosure of the tax treatment or tax structure of any transaction as described in the rules of any taxation authority, including Canada Revenue Agency and the Internal Revenue Service.

18. **Electronic messaging** – In accordance with Canadian anti-spam legislation, The City consents to Deloitte contacting The City and its personnel through electronic messages relating to Deloitte's Services, products and other matters of interest to The City after the completion of this Agreement. The City may withdraw any such consent by contacting Deloitte at [unsubscribe@deloitte.ca](mailto:unsubscribe@deloitte.ca).
19. **Language** – The parties have requested that this Agreement and all communications and documents relating hereto be expressed in the English language. Les parties ont exigé que la présente convention ainsi que tous les documents s'y rattachant soient rédigés dans la langue anglaise.

# Appendix 10 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

<input type="checkbox"/> Canada's Best Managed Companies ( <a href="http://www.bestmanagedcompanies.ca">www.bestmanagedcompanies.ca</a> )	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> </ul>	The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.
<input type="checkbox"/> Centre for financial reporting ( <a href="http://www.cfr.deloitte.ca">www.cfr.deloitte.ca</a> )	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.
<input type="checkbox"/> Financial Reporting Insights ( <a href="http://www.iasplus.com/fri">www.iasplus.com/fri</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Monthly electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.
<input type="checkbox"/> On the board's agenda	<ul style="list-style-type: none"> <li>• Directors</li> <li>• CEO/CFO</li> </ul>	Bi-monthly publication examining a key topic in detail, including the perspectives of a Deloitte professional with deep expertise in the subject matter as well as the views of an experienced external director.
<input type="checkbox"/> State of change ( <a href="http://www.iasplus.com/StateOfChange">www.iasplus.com/StateOfChange</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• VP Finance</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Bi-monthly newsletter providing insights into key trends, developments, issues and challenges facing the not-for-profit sector in Canada, with a Deloitte point of view.
<input type="checkbox"/> Deloitte Financial Reporting Update ( <a href="http://www.deloitte.com/ca/update">www.deloitte.com/ca/update</a> )	<ul style="list-style-type: none"> <li>• CFO</li> <li>• VP Finance</li> <li>• Controller</li> <li>• Financial reporting team</li> </ul>	Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.





**[www.deloitte.ca](http://www.deloitte.ca)**

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