

## AUDIT COMMITTEE 2018 YEAR-END ANNUAL STATUS REPORT

### I. STATUS OF AUDIT COMMITTEE 2018 WORK PLAN

This following provides the original 2018 Work Plan as approved by Audit Committee on 2017 December 14 and received for information by Council on 2017 December 18. Reports added, deferred, brought forward or no longer required are indicated in bold print. The items are arranged by Audit Committee meeting date.

<b>AUDIT COMMITTEE 2018 WORK PLAN</b>		
<b>Meeting</b>	<b>Report Title</b>	<b>Report Number</b>
<b>JANUARY 26 2018</b>	External Auditor 2016 Management Letter Update	AC2018-0026
	Annual Principal Corporate Risk Report	AC2018-0066
	Audit Committee Orientation – Part 2 (not part of Agenda)	Held 2018 January 26
	City Auditor's Office 2018/2019 Audit Plan	2018 Audit Plan – See 2017 Dec 14, AC2017-1204. 2019 Audit Plan - scheduled 2018 Sept.
	<b>Audit Committee 2017 Year-End Annual Status Report</b>	<b>AC2018-0040 – Brought forward from February</b>
	<b><u>CLOSED MEETING</u></b>	
	<b>External Auditor – Provision of Additional Services</b>	<b>AC2018-1246 - added</b>
	City Auditor's Performance Review	AC2018-0071
	Audit Forum (Verbal Report)	AC2018-0028
	City Auditor (Verbal Report)	AC2018-0029
	External Auditor (Verbal Report)	AC2018-0030
	----- <b>City Auditor's Office Audit Reports</b>	-----
	<b>Corporate Credit Card (Data Analytics) Audit</b>	<b>AC2018-0035</b>
	<b>Green Line Engagement Audit</b>	<b>AC2018-0007</b>
<b>FEBRUARY 13, 2018</b>	City Auditor's Office 2017 Annual Report	AC2018-0019
	<b>Audit Committee 2017 Year-End Annual Status Report</b>	<b>Brought forward to January</b>

	Annual Update – Information Technology Risk Management  <b>Committee Development (not part of Agenda)</b>  <u><b>CLOSED MEETING</b></u>  Audit Forum (Verbal Report)  City Auditor (Verbal Report)  External Auditor (Verbal Report)  ----- <b>City Auditor's Office Audit Reports</b>  <b>New Central Library Readiness Audit</b>	AC2018-0133  <b>Deferred to June Executive Assistant to Audit</b>  AC2018-0031  AC2018-0032  AC2018-0033  ----- <b>AC2018-0034</b>
<b>MARCH 2018</b>	<b>NO MEETING</b>	
<b>APRIL 17 2018</b>  <b>*Starts: 8:30 am</b>	Control Environment Assessment and Management Representations Update  2017 Annual Investment Report  2017 City of Calgary Annual Report  2017 External Auditor's Year-End Report  City Auditor's Office 1 <sup>st</sup> Quarter 2018 Status Report  <b>External Auditor Provision of Additional Services</b>  <u><b>CLOSED MEETING</b></u>  <b>External Auditor Performance Review (Verbal)</b>  <b>2018 Law Department Annual Report</b>  Civic Partner Audit Report  Audit Forum (Verbal Report)  City Auditor (Verbal Report)  External Auditor (Verbal Report)  ----- <b>City Auditor's Office Audit Reports</b>  <b>Cash Flow Management Audit</b>	AC2018-0368  AC2018-0442  AC2018-0473  AC2018-0270  AC2018-0344  <b>AC2018-0450 - added</b>    <b>Not required</b>  <b>Deferred to June City Solicitor, Law and Legislative Services</b>  AC2018-0409  AC2018-0267  AC2018-0269  AC2018-0268  ----- <b>AC2018-0343</b>

	<b>Cyber Incident Response Audit</b>	<b>AC2018-0410</b>
	<b>Procurement Follow-up Audit</b>	<b>AC2018-0413</b>
<b>MAY 2018</b>	<b><u>NO MEETING</u></b>	
<b>JUNE 19 (TUESDAY)</b>	<b>ENMAX Audit and Finance Committee Annual Report</b>  Calgary Convention Centre Authority – Audit Committee Annual Report  Calgary Municipal Land Corporation - Audit Committee Annual Report  External Auditor 2017 Management Letter  Code of Conduct Annual Report  <b>Committee Development (not part of Agenda)</b> One Calgary Presentation by City Manager and General Manager, Planning and Development  <b><u>CLOSED MEETING</u></b>  <b>2018 Law Department Annual Report</b>  <b>City Auditor's Office 2019-2022 Budget Process</b>  Audit Forum (Verbal Report)  City Auditor (Verbal Report)  External Auditor (Verbal Report)  ----- <b>City Auditor's Office Audit Reports</b>  <b>Employee Expense Audit</b>	<b>ENMAX – deferred to July 25 Meeting</b>  AC2018-0529  AC2018-0532  AC2018-0635  AC2018-0794  2018 June 19  <b>Deferred to September City Solicitor, Law and Legislative Services</b>  <b>AC2018-0797</b>  AC2018-0337  AC2018-0339  AC2018-0338  ----- <b>AC2018-0756</b>
<b>JULY 25, 2018</b>	<b>ENMAX Audit and Finance Committee Annual Report</b>  Calgary Public Library Audit and Finance Committee Annual Report  Calgary Arts Development Authority Audit Committee Annual Report  Integrated Risk Management Model Update	<b>AC2018-0470 – Deferred from June</b>  AC2018-0589  AC2018-0591  AC2018-0911

	<p>City Auditor's Office 2<sup>nd</sup> Quarter 2018 Status Report</p> <p>External Auditor 2018 Service Plan and Fees</p> <p><b>Committee Development (not part of Agenda) – <u>CLOSED MEETING</u></b></p> <p><b>External Auditor – Provision of Additional Services</b></p> <p><b>External Auditor – Provision of Additional Services for Approval</b></p> <p><b>City Auditor's Office – 2019-2022 Budget Proposal</b></p> <p>External Auditor 2017 / 2018 Performance Assessment</p> <p>Audit Forum (Verbal Report)</p> <p>City Auditor (Verbal Report)</p> <p>External Auditor (Verbal Report)</p> <p>-----</p> <p><b>City Auditor's Office Audit Reports</b></p> <p><b>2017 Municipal Election Review</b></p>	<p>AC2018-0869</p> <p>AC2018-0913</p> <p><b>Executive Assistant to Audit – deferred to future date</b></p> <p><b>AC2018-0915 - Added</b></p> <p><b>AC2018-0928 - Added</b></p> <p><b>AC2018-0861 – Brought forward from September</b></p> <p>AC2018-0914</p> <p>AC2018-0916</p> <p>AC2018-0918</p> <p>AC2018-0917</p> <p>-----</p> <p><b>AC2018-0852</b></p>
<b>AUGUST 2018</b>	<b><u>NO MEETING</u></b>	
<b>SEPTEMBER 18 (TUESDAY)</b>	<p>Calgary Police Commission Finance and Audit Committee Annual Report</p> <p>Calgary Housing Company Audit and Risk Management Committee Annual Report</p> <p>Attainable Homes Calgary Corporation Audit and Accountability Committee Annual Report</p> <p>City Auditor's Office 2019 / 2020 Audit Plan</p> <p><b>Calgary Economic Development Audit Committee Annual Report</b></p> <p><b><u>CLOSED MEETING</u></b></p> <p><b>2018 Law Department Annual Report</b></p> <p><b>City Auditor's Office Budget 2019</b></p>	<p>AC2018-0596</p> <p>AC2018-0597</p> <p>AC2018-0603</p> <p>AC2018-0998</p> <p><b>AC2018-0602</b></p> <p><b>Deferred to October City Solicitor, Law and Legislative Services</b></p> <p><b>Brought forward to July</b></p>

	<p>Audit Forum (Verbal Report)</p> <p>City Auditor (Verbal Report)</p> <p>External Auditor (Verbal Report)</p> <p>-----</p> <p><b>City Auditor's Office Audit Reports</b></p> <p><b>Open Data Initiative Audit</b></p>	<p>AC2018-0969</p> <p>AC2018-0971</p> <p>AC2018-0970</p> <p>-----</p> <p><b>AC2018-1008</b></p>
<b>OCTOBER 24, 2018</b>	<p><b>Election of Chair and Vice-Chair – Committee Motion</b></p> <p><b>Calgary Economic Development Audit Committee Annual Report</b></p> <p>Calgary Parking Authority Audit Committee Annual Report</p> <p><b>Committee Development (not part of Agenda)</b></p> <p>City Auditor's Office 3<sup>rd</sup> Quarter 2018 Status Report</p> <p><b>Information Technology Challenges and Opportunities</b></p> <p><b><u>CLOSED MEETING</u></b></p> <p><b>2018 Law Department Annual Report</b></p> <p>Audit Committee Annual (2017-2018) Self-Assessment</p> <p>Audit Forum (Verbal Report)</p> <p>City Auditor (Verbal Report)</p> <p>External Auditor (Verbal Report)</p> <p>-----</p> <p><b>City Auditor's Office Audit Reports</b></p> <p><b>Real Estate Acquisitions Audit (Green Line LRT Stage 1)</b></p> <p><b>Plebiscite Readiness Review</b></p>	<p><b>Deferred to November – City Clerks and Chair</b></p> <p><b>Brought forward to September</b></p> <p>AC2018-0601</p> <p><b>Deferred to November Executive Assistant to Audit</b></p> <p>AC2018-1246</p> <p><b>AC2018-1210 - Added</b></p> <p><b>Deferred to November City Solicitor, Law and Legislative Services</b></p> <p>AC2018-1177</p> <p>AC2018-1173</p> <p>AC2018-1176</p> <p>AC2018-1175</p> <p>-----</p> <p><b>AC2018-1032</b></p> <p><b>AC2018-1247</b></p>
<b>NOVEMBER 20 (TUESDAY)</b>	<p><b>Election of Chair and Vice-Chair – Committee motion</b></p>	<p><b>Deferred from October – City Clerks and Chair</b></p>

	Audit Committee Orientation (not part of Agenda)  Audit Committee 2019 Work Plan  <b>2018 Law Department Annual Report</b>  <b>Committee Development (not part of Agenda)</b>  Status of Community Associations and Social Recreation Organizations on City-Owned Land  <u><b>CLOSED MEETING</b></u>  <b>Audit Committee Self-Assessment (2017-2018)</b>  Audit Forum (Verbal Report)  City Auditor (Verbal Report)  External Auditor (Verbal Report)  ----- <b>City Auditor's Office Audit Reports</b> <b>Bonnybrook Plan D Expansion Audit</b>	Executive Assistant to Audit <b>Deferred to December</b>  AC2018-1319  <b>AC2018-1350</b>  <b>Not required</b>  AC2018-1099  <b>Postponed from October 24, AC2018-1177</b>  AC2018-1320  AC2018-1322  AC2018-1321  ----- <b>AC2018-1346</b>
<b>DECEMBER 2018</b>	<b>NO MEETING</b>	

## II. AUDIT COMMITTEE CONTINUING EDUCATION

Audit Committee members serving for the 2017-2018 term were provided with the second part of an Orientation session on January 26, 2018. Presentations were provided by the Director of Finance/City Treasurer and by the External Auditor (Deloitte LLP).

Audit Committee members serving for the 2018-2019 term were provided with an Orientation session on 2018 December 18. Presentations were provided by the City Auditor, External Auditor, and Acting Chief Financial Officer to the Audit Committee.

The Finance Department provided Audit Committee citizen members with a presentation on City of Calgary investments on June 7, 2018.

Attainable Homes Calgary Corporation provided citizen members with a presentation to familiarize them with their business model on September 6, 2018.

Several members of the Audit Committee were invited to a Hedging Risk Management Discussion at ENMAX on December 6, 2018.

### **III. STATUS OF AUDIT COMMITTEE BUDGET**

The Audit Committee Bylaw 48M2012 provides for the Committee to develop a budget and recommend it to Council as part of The City's budget process. The Committee's operating budget for 2018 was approved by Council in November 2014 as part of the four-year budget cycle.

The Audit Committee's 2018 total operating budget was \$748,917. There was a positive variance of \$190,072 at the end of 2018 December. The variance mainly relates to the remaining balance in consulting fees, a surplus in the areas of salaries, benefits and business expenses.

### **IV. APPROVAL OF AUDIT AND NON-AUDIT SERVICES**

The Audit Committee Bylaw 48M2012 states that the Audit Committee:

"pre-approves all audit and non-audit services performed by the External Auditor. However, the Audit Committee Chair can pre-approve additional audit or non-audit services, performed by the External Auditor, up to \$25,000 total annually. Any approvals by the Chair will be reported to the Audit Committee as part of the Audit Committee Quarterly Status Report."

Schedule "B", Section 1(b).

There were no pre-approvals by the Chair of Audit for additional audit or non-audit services performed by the External Auditor in 2018.

### **IV. OTHER STATUS INFORMATION**

#### **A) Autonomous Civic Entities**

In accordance with Schedule 'A', Section 1 i) of Bylaw 48M2012, Audit Committee Bylaw, the Audit Committee oversees its governance responsibility with the audit committees of The City's major autonomous bodies. The following entities made annual presentations to the Audit Committee in 2018:

Attainable Homes Calgary Corporation - AC2018-0603  
Calgary Arts Development Authority - AC2018-0591  
Calgary Convention Centre Authority - AC2018-0529  
Calgary Economic Development - AC2018-0602  
Calgary Housing Company - AC2018-0597  
Calgary Municipal Land Corporation - AC2018-0532  
Calgary Parking Authority - AC2018-0601  
Calgary Police Commission - AC2018-0596  
Calgary Public Library - AC2018-0589  
ENMAX Corporation - AC2018-0470

## **B) City Auditor's Office Reports**

In accordance with Bylaw 30M2004, the City Auditor Bylaw, the Audit Committee oversees and ensures the accountability of the City Auditor on behalf of Council. The Audit Committee received and reviewed the following reports and audits from the City Auditor's Office in 2018:

Corporate Credit Card (Data Analytics) Audit - AC2018-0035  
Green Line Engagement Audit - AC2018-0088  
New Central Library Readiness Audit - AC2018-0034  
City Auditor's Office 2017 Annual Report - AC2018-0019  
City Auditor's Office 1<sup>st</sup> Quarter 2018 Report - AC2018-0344  
Cash Flow Management Audit - AC2018-0343  
Procurement Follow-up Audit - AC2018-0413  
Cyber Security Incident Response Audit - AC2018-0410  
Employee Expense Audit - AC2018-0758  
City Auditor's Office 2019-2022 Budget Process - AC2018-0797  
2017 Municipal Election Review - AC2018-0852  
City Auditor's Office 2<sup>nd</sup> Quarter 2018 Report - AC2018-0860  
City Auditor's Office – 2019-2022 Budget Proposal - AC2018-0861  
Open Data Initiative Audit - AC2018-1008  
Real Estate Acquisitions Audit (Green Line LRT Stage 1) - AC2018-1032  
Plebiscite Readiness Review - AC2018-1247  
City Auditor's Office 3<sup>rd</sup> Quarter 2018 Report - AC2018-1246  
City Auditor's Office 2019-2020 Audit Plan - AC2018-0998  
Bonnybrook Plan D Expansion Audit - AC2018-1346

At every Audit Committee during the closed meeting the City Auditor was provided with an opportunity to discuss any confidential matters with the Committee in the absence of both Administration and the External Auditor.

## **C) External Auditor**

The External Auditor (Deloitte LLP) submitted the following reports in 2018 for Audit Committee review:

External Auditor 2016 Management Letter Update - AC2018-0026  
External Auditor – Provision of Additional Services – AC2018-0064  
2017 External Auditor's Year-End Report - AC2018-0270  
External Auditor – Provision of Additional Services – AC2018-0450  
External Auditor 2017 Management Letter - AC2018-0635  
External Auditor 2018 Service Plan and Fees - AC2018-0913  
External Auditor – Provision of Additional Services – AC2018-0915  
External Auditor – Provision of Additional Services Approval Request – AC2018-0928

At every Audit Committee during the closed meeting the External Auditor was provided with an opportunity to discuss any confidential matters with the Committee in the absence of Administration and the City Auditor.



#### **D) Financial Integrity and Risk Management**

The Audit Committee maintained its focus on financial integrity and corporate risk management in 2018. In accordance with Schedule 'A', the Audit Committee Terms of Reference, Audit Committee Bylaw 48M2012, the following reports were reviewed by the Audit Committee:

Annual Principal Corporate Risk Report - AC2018-0066  
2017 City of Calgary Annual Report - AC2018-0473  
Control Environment Assessment and Management Representations Update  
- AC2018-0368  
2017 Annual Investment Report - AC2018-0442  
2018 Law and Corporate Security Report - AC2018-1350  
Annual Update - Information Technology Risk Management - AC2018-0133  
Information Technology Challenges and Opportunities - AC2018-1210  
Code of Conduct Annual Report - AC2018-0794  
Integrated Risk Management Program Update - AC2018-0911  
Civic Partner Audit Report - AC2018-0409  
Status of Community Associations and Social Recreation Organizations on City-Owned  
Land - AC2018-1099

At every Audit Committee during the closed meeting the Chief Financial Officer was provided with an opportunity to discuss any confidential matters with the Committee in the absence of the City Auditor and the External Auditor.

#### **E) Audit Resource Management Office**

The Audit Committee Bylaw 48M2012 established the position of Executive Assistant to the Audit Committee to provide planning, documentation and meeting logistical support under the direction of the Committee Chair.

Executive Assistant Reports reviewed by Audit Committee in 2018:

Audit Committee 2017 Year-End Annual Status Report - AC2018-0040  
Audit Committee 2018 April Meeting Date Change - AC2018-0027  
External Auditor 2017 - 2018 Performance Assessment - AC2018-0914  
Audit Committee Annual Self-Assessment (2017-2018) - AC2018-1177  
Audit Committee 2018 Work Plan - AC2018-1319