

**Audit Resource Management Report to
Audit Committee
2019 April 23**

**ISC: UNRESTRICTED
AC2019-0438
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2018 EXTERNAL AUDITOR'S YEAR-END REPORT

EXECUTIVE SUMMARY

This is the External Auditor, Deloitte LLP's annual year-end report to Audit Committee on the 2018 independent external audit of the consolidated financial statements of The City of Calgary.

RECOMMENDATIONS:

That the Audit Committee:

1. Conduct a Closed Meeting discussion with the External Auditor and keep the discussion confidential pursuant to Sections 24 and 25 of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2024 April 23;
2. Receive this Report and Attachment for information and consider them in conjunction with Report AC2019-0498, The City of Calgary 2018 Annual Report;
3. Direct that this Report and Attachment be forwarded to the 2019 April 29 Combined Meeting of Council as an item of Urgent Business; and
4. Recommend that Council receives Report AC2019-0438, 2018 External Auditor's Year-End Report, and the Attachment, for information.

RECOMMENDATION OF THE AUDIT COMMITTEE, DATED 2019 APRIL 23

That Council receive this report and attachments for information.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee approved Report AC2018-0913, External Auditor 2018 Audit Service Plan and Fees Report at their 2018 July 25 Meeting, which was received for information by Council at their 2018 September 10 Combined Meeting.

At their 2019 February 28 Meeting, the Audit Committee approved Report AC2019-0273, External Auditor 2018 Service Plan Update. This report approved an extension of the scope of work and fees which related to prior period adjustments and the consolidation of related authorities.

The Audit Committee Bylaw 48M2012, states that 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;”

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Schedule "B", Section 1(a)

"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."

Schedule "B", Section 1(e)

BACKGROUND

In accordance with the approved External Auditor's 2018 Audit Service Plan, Deloitte LLP has completed their independent audit of the financial statements of The City of Calgary for the year ended 2018 December 31.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

This is an independent audit of the consolidated financial statements of The City of Calgary for the year ended 2018 December 31. The attachment summarizes the scope of the audit, the findings to date and reviews certain other matters of interest to the Audit Committee. Deloitte continues to work with Administration to complete outstanding matters summarized in the attachment.

This Report should be forwarded as an Item of Urgent Business to Council at their 2019 April 29 Regular Meeting. This enables The City to meet the requirements of Section 276(3) of the *Municipal Government Act*, with respect to the deadline of May 1st for making the financial statements and auditor's report of the financial statements available to the public.

Stakeholder Engagement, Research and Communication

The External Auditor, Deloitte LLP, conducted an independent audit of the City of Calgary's consolidated financial statements.

Strategic Alignment

This report supports Council's priority of a well-run City.

Social, Environmental, Economic (External)

Not applicable.

Financial Capacity

Current and Future Operating Budget:

There is a line item in the Audit Committee budget for the service fees for the External Auditor.

Current and Future Capital Budget:

There are no capital budget implications for this Report.

Risk Assessment

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Should Council not receive the 2018 External Auditor's Year-End Report at their 2019 April 29 Combined Meeting there is a risk of missing the May 1st deadline established by Section 276(3) of the *Municipal Government Act* to provide the financial statements to the public.

REASON FOR RECOMMENDATION:

The 2018 External Auditor's Year-End Report is to be received and reviewed by Audit Committee, in conjunction with Administration's presentation of the annual financial statements (The City of Calgary 2018 Annual Report, AC2019-0498).

This Report and Attachment is to be forwarded as Urgent Business to the 2019 April 29 Regular Meeting of Council for information.

ATTACHMENT

Attachment 1 - Deloitte, The City of Calgary, Report to the Audit Committee on the 2018 audit
Attachment 2 – Changes and corrections to the 2019 City of Calgary Annual Report