

**Audit Resource Management Report to
Audit Committee
2023 January 19**

**ISC: UNRESTRICTED
AC2023-0071
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External Auditor – Update on the 2022 Audit (Organizational Realignment), AC2023-0071

RECOMMENDATIONS:

Review By: 2023 April 30

That Audit Committee recommends:

1. That this Report and Attachment be forwarded to Council for information and the Corporate Record; and
2. That this Report and Attachment remain confidential pursuant to Sections 16 (Harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2023 April 30.

RECOMMENDATIONS OF THE AUDIT COMMITTEE, 2023 JANUARY 19:

That Council:

1. Receive the Report for the Corporate Record.
2. Direct that the Report and Attachment remain confidential pursuant to Sections 16 (Harmful to business interests of a third party) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed by 2023 April 30.

HIGHLIGHTS

- This report is an update on the External Auditor's (Deloitte) progress on the Realignment Project with respect to the 2022 external audit of The City's financial statements (Attachment). Deloitte committed to providing updates to Audit Committee on the scope and fees throughout the process.
- What does this mean to Calgarians? They receive assurance that the annual consolidated financial statements accurately reflect the financial position of The City of Calgary.
- Why does it matter? Calgarians receive reasonable assurance that the financial statements, as a whole, are free of any material misstatement, whether due to fraud or error.
- The External Auditor's 2022 Audit Service Plan was approved by Audit Committee at the 2022 July 21 Meeting (AC2022-0822) and forwarded to Council for information and the Corporate Record. The organization realignment will have a significant impact to the consolidated audit of The City. The procedures and estimated fees for the various phases of the Realignment Project were still to be determined at the time the 2022 Audit Service Plan was presented.
- Subsequently, after the approval of the 2022 Audit Service Plan, the Audit Committee approved Phases 1 – 4 of the Realignment Project, together with the estimated fees (AC2022-1150 and AC2022-1252).
- The Audit Committee Bylaw 33M2020 states in Section 5 that "The Audit Committee is authorized to:
(f) pre-approve all audit and non-audit services performed by the External Auditor..." and further, in Schedule B of Bylaw 33M2020, it states "The Audit Committee:
(a) prior to the commencement of the annual external financial audit, reviews the audit plan and estimated audit fees with the External Auditor and discusses the timing and

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extent of audit procedures, materiality, significant audit risks and areas of audit focus and overall audit strategy. The audit plan is forwarded to Council for information;”.

ATTACHMENT

1. (CONFIDENTIAL) Deloitte LLP, Update on The City of Calgary 2022 Audit

Department Circulation

Councillor Richard Pootmans	Chair of Audit Committee	Approve
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