



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED
with Confidential Attachment**

**Additional Information Pertaining to the Review of the
Redevelopment of the Sony Centre for the Performing
Arts**

Date:	June 4, 2014
To:	Board of Directors of the Hummingbird Centre for the Performing Arts (operating as the Sony Centre for the Performing Arts) and City Council
	Auditor General
Wards:	All
Reason for Confidential Information:	Reasons for confidentiality 1. This report involves the security of property belonging to the City or one of its agencies and corporations. 2. This report deals with personal matters about an identifiable person.
Reference Number:	

SUMMARY

As requested by the Board of Directors of the Sony Centre at its meeting on May 23, 2014 and by the City's Audit Committee at its meeting on May 28, 2014, this report, together with the confidential attachment, outlines certain issues that came to our attention during our original review of the redevelopment of the Sony Centre for the Performing Arts.

These issues were outside the scope of our original review and as a result were not included in our original report. They were, however, discussed with and reported to the Chair of the Sony Centre.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Board of Directors of the Sony Centre for the Performing Arts and City Council not authorize the public release of the confidential information in Attachment 1 which involves the security of property belonging to the City or one of its agencies and corporations, and deals with personal matters about an identifiable person.

Financial Impact

There are no financial implications from this report.

DECISION HISTORY

At its meeting of November 19, 2012, the City's Executive Committee recommended that *"City Council request the Auditor General to consider undertaking a complete audit of the Sony Centre for the Performing Arts during the years 2006-2011 inclusive of business plans."* City Council adopted this recommendation on November 27, 2012.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX25.5>)

The request to conduct a *"complete audit of the Sony Centre"* was considered by the Auditor General as too broad and would take an inordinate amount of time and audit resources. Because of the significant funds involved from both a financing and expenditure perspective, the Auditor General determined that the 2013 audit work plan would be revised to include an audit of the Sony Centre focused only on the redevelopment of the Sony Centre site.

The revision to the work plan was reported to Audit Committee in a report dated September 17, 2013.

The objective of the review of the redevelopment of the Sony Centre for the Performing Arts was to assess the management of the redevelopment of the Centre and its effectiveness in achieving the objectives in its business plan.

The audit results and recommendations as a result of this review were contained in the report entitled "Review of the Redevelopment of the Sony Centre for the Performing Arts" and presented to the Board of Directors of the Sony Centre on May 1, 2014 and May 23, 2014. The report was presented to the City's Audit Committee on May 28, 2014.

(<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.AU15.3>)

This audit report contained 12 recommendations. Four of the recommendations related to improving coordination and co-operation between the City and its agencies and corporations. The remaining eight recommendations related to improving Board oversight, the need to improve existing policies and procedures, and the need to strengthen management and administrative controls.

ISSUE BACKGROUND

At its meeting on May 23, 2014, the Sony Centre Board of Directors “*requested the Auditor General to report to the next meeting of the Board on June 9, 2014, if possible, on any other issues or matters he has identified which were outside of the scope of the redevelopment review of the Sony Centre for the Performing Arts.*”

Furthermore, at its meeting of May 28, 2014, the City’s Audit Committee “*requested the Auditor General to report directly to City Council for its meeting June 10, 2014 on any management practices at the Sony Centre that have been uncovered in any related audits or investigations in which the City has been involved.*”

COMMENTS

The report, together with the confidential attachment, outlines the issues that came to our attention which were outside the scope of our original review of the redevelopment of the Sony Centre for the Performing Arts.

The objective of the original audit conducted at the Sony Centre for the Performing Arts was to assess the management of the redevelopment and its effectiveness in achieving the objectives in its business plan.

While the review was focused on the redevelopment project, other issues came to our attention which were outside the scope of our original audit. Generally, even though these issues may not have any relevance to the specific audit being conducted, they were the subject of further inquiries by the Auditor General. This is not unusual. Our terms of reference for all our audit projects make specific reference to this as follows:

“It should be noted that audits, by their nature, often result in a need to pursue issues that arise during the course of the audit. The above noted focus is not intended to, and does not, limit our ability to perform the steps we consider necessary related to issues that may arise during the course of our audit.”

The issues identified in this current report are limited to those matters we identified during our review of the redevelopment project. There may be other issues which we have not identified as the focus of the original audit was the redevelopment project.

The transactions identified occurred primarily during the period from 2008 to 2011. The majority of the matters that are identified in the report relate to events which occurred during the period pre-dating the appointment of the current Board in October 2011.

CONTACT

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SIGNATURE

Jeff Griffiths, Auditor General

ATTACHMENTS

Attachment 1 – Confidential Information:
Additional Information Pertaining to the Review of the Redevelopment of the Sony Centre for the Performing Arts