



## AUDITOR GENERAL'S REPORT ACTION REQUIRED

### William Bolton Arena – Update on Management Letter Response

<b>Date:</b>	July 19, 2013
<b>To:</b>	Audit Committee
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### **SUMMARY**

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The purpose of this report is to provide the Audit Committee and City Council with an update on management's response to the internal control deficiencies noted during the audit of the 2012 financial statements of William H. Bolton Arena.

Audited 2012 financial statements of William H. Bolton Arena and the external auditor's management letter were presented at the July 4, 2013 meeting of Audit Committee. A response from management had not yet been received at that time.

The management letter included two recommendations related to internal control deficiencies identified during the course of the audit. Subsequent to the Audit Committee meeting, management provided their response to the external auditors. Management accepted all of the external auditor's internal control recommendations.

#### **RECOMMENDATIONS**

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**The Auditor General recommends that:**

1. City Council receive the management letter response from William H. Bolton Arena (dated July 6, 2013) attached as Appendix 1.

#### **Financial Impact**

The recommendation in this report has no financial impact.

## ISSUE BACKGROUND

The protocol relating to financial statements and management letters for Agencies and Corporations requires the governing body of each entity, subsequent to approval and review, to submit to the Audit Committee, for information purposes, copies of audited financial statements and management letters. Management responses are to be appended to each management letter. The Audit Committee also requested that the financial statements and management letters of all Community Centres and Arenas be submitted to Audit Committee at the same time.

The 2012 audited financial statements of Arenas were provided to Audit Committee at its July 4, 2013 meeting. A management letter identifying control deficiencies at William H. Bolton Arena was also provided. A response from management had not been received at that time.

This report provides City Council management's response to the external auditor's management letter.

## COMMENTS

During their audit of the 2012 financial statements of William H. Bolton Arena, the external auditors, Grant Thornton LLP, identified internal control deficiencies related to lack of segregation of duties and need to strengthen controls over invoices and receivables. The following two recommendations were made to address these issues:

1. *"That the Board continue to provide oversight by reviewing the monthly financial results and by continuing to be the second signatory on all cheques"; and*
2. *"That invoices are created and posted to the accounts receivable subledger for all booked ice time at the beginning of each month. Related cash receipts will be recorded by the bookkeeper through "receive payment" in the accounting software and any mispostings or uncollected amounts can be followed up and accounted for."*

Subsequent to the July 4, 2013 meeting of the Audit Committee, management provided their response to the external auditors. Management accepted all of the external auditor's internal control recommendations.

Appended to this report are the external auditor's management letter and management's response.

## CONTACT

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## **SIGNATURE**

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Jeffrey Griffiths, Auditor General

13-AAS-12

## **ATTACHMENTS**

- Appendix 1: Management Letter Response from William H. Bolton Arena, July 6, 2013
- Appendix 2: Management Letter for William H. Bolton Arena