

Decision Letter

Board of Directors of The Hummingbird (Sony) Centre for the Performing Arts

HB33.1	ACTION	Adopted		
--------	--------	---------	--	--

Review of the Redevelopment of the Sony Centre for the Performing Arts

Board Decision

The Board of Directors of the Hummingbird (Sony) Centre for the Performing Arts, on May 1, 2014, adopted the following:

1. The Board of Directors of the Sony Centre for the Performing Arts, in consultation with the City Manager, prepare a long-term strategic plan and a five-year business plan as requested by City Council. Such plan to include strategies to improve operating results, as well as a funding plan for the capital program.
2. The Board of Directors of the Sony Centre for the Performing Arts, ensure that where a business plan is amended or discontinued, that a replacement plan be prepared and presented for City Council approval. Such business plan, and any subsequent amendments, be consistent with any Council-approved strategic objectives for the Centre.
3. The Board of Directors of the Sony Centre for the Performing Arts request the Chief Executive Officer to report the total funding received from all sources as well as the total of all costs related to all phases of the redevelopment.
4. The Board of Directors of the Sony Centre for the Performing Arts request the Chief Executive Officer to report on the status of required and optional deferred lifecycle maintenance works identified in previous building condition review reports. Such report to include:
 - a. Explanations for why work originally anticipated was omitted from the redevelopment;
 - b. Identification of required and optional lifecycle maintenance works that have been included in the current 10-year Capital Plan; and
 - c. Estimates of the cost to complete the remaining work.

5. The Board of Directors of the Sony Centre for the Performing Arts request the Chief Executive Officer submit for Board approval a comprehensive procurement policy. The development of this policy be conducted in consultation with the City Manager. The procurement policy to include but not be limited to:
 - a. Acceptable methods of procurement including appropriate dollar value thresholds for requiring open, competitive procurement;
 - b. Circumstances where sole sourcing is allowed and the reporting requirements and authorizations required to approve sole source awards;
 - c. Approval authorities required where purchases exceed previously authorized commitment levels; and
 - d. The level of documentation required to be retained in support of procurement decisions.
6. The Board of Directors of the Sony Centre for the Performing Arts request the Chief Executive Officer to review the administrative controls over the procurement process and ensure that such controls are appropriate. In addition, an internal quality control process be established to ensure compliance with such controls.
7. The Board of Directors of the Sony Centre for the Performing Arts request the Chief Executive Officer to implement processes to ensure future compliance with the City's Policy on Donations to the City for Community Benefits.
8. The Board of Directors of the Sony Centre for the Performing Arts request the Chief Executive Officer to confirm the appropriate accounting treatment of identified transactions with the Centre's external auditors.

Decision Advice and Other Information

The Board:

- A. Endorsed the following recommendations of the Auditor General:
 1. City Council request the City Manager, in consultation with the Board of Directors of the Sony Centre for the Performing Arts, to conduct a comprehensive review of the Centre's operating agreement following any Council decision on the future of the Centre.
 2. City Council request the Deputy City Manager and Chief Financial Officer to re-evaluate the role of the City's Facilities Management Division in all future construction projects at the City's agencies and corporations.
 3. City Council request the City Manager to make available a centralized resource containing City of Toronto Act requirements and City policies and procedures

that City agencies and corporations are required to follow.

4. City Council request the Deputy City Manager and Chief Financial Officer review transactions reported in the financial statements of the City's agencies and corporations which relate to the capital works program recorded in the City's accounts.
 5. City Council request the City Manager to forward this report to the Boards of Directors of the Toronto Centre for the Arts and the St. Lawrence Centre for the Arts for information
- B. Directed that the report (April 24, 2014) from the Auditor General be forwarded to the City's Audit Committee for action.
- C. Requested the Chair to call a Special Meeting of the Board of Directors of the Hummingbird Centre for the Performing Arts to further consider the report (April 24, 2014) from the Auditor General and possible additional recommendations.
- D. Requested that representatives from the City Solicitor, the Chief Corporate Officer, and the City Manager's offices be invited to attend the Special Meeting of the Board to respond to questions, in particular, regarding the proposed Public Plaza.

Origin

(April 24, 2014) Report from Auditor General

Summary

The Auditor General's revised 2013 Work Plan included a review of the redevelopment of the Sony Centre for the Performing Arts (Sony Centre). The objective of this review was to assess the management of the redevelopment of the Sony Centre for the Performing Arts and its effectiveness in achieving the objectives in its business plan.

The attached audit report contains 12 recommendations. Four of the recommendations relate to improving coordination and co-operation between the City and its agencies and corporations. The remaining eight recommendations relate to improving Board oversight, improve existing policies and procedures, and the need to strengthen management and administrative controls at the Sony Centre.

The audit results and recommendations are contained in the attached report entitled "Review of the Redevelopment of the Sony Centre for the Performing Arts". Both the Sony Centre and the City's management responses to the audit recommendations are also attached.

While the recommendations in this report relate to the Sony Centre, they should be viewed as having relevance for the Toronto Centre for the Arts and the St. Lawrence Centre for the Arts, particularly given the renovations planned for the former.

Background Information

(April 24, 2014) Report and Attachments 1 - 2 from the Auditor General - Review of the Redevelopment of the Sony Centre for the Performing Arts [HB33.1]

(May 1, 2014) Presentation on the Review of the Redevelopment of the Sony Centre for the Performing Arts submitted by Auditor General

Speakers

Jeff Griffiths, Auditor General (Submission Filed)

Jerry Shaubel, Director, Auditor General's Office

Ina Chan, Senior Audit Manager, Auditor General's Office

Niroshani Movchovitch, Audit Manager, Auditor General's Office

Natalia Glavina, Price Waterhouse Coopers Auditors

Cathy Russell, Price Waterhouse Coopers Auditors