

Arenas - 2018 Audited Financial Statements Update

Date: October 4, 2019

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

The purpose of this report is to provide the Audit Committee and City Council with an update on the remaining 2018 audited financial statements of arenas.

The 2018 audited financial statements for the eight City arenas are presented to the Audit Committee after approval by their respective Boards or Committees of Management. The external auditor, Welch LLP, advise that they have provided their comments on internal controls to some organizations by way of a report to the Board.

The Independent Auditor's Report, accompanying financial statements, and internal control letter (where applicable) is attached to this report.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council receive the 2018 audited financial statements of arenas attached to this report.

FINANCIAL IMPACT

The recommendation in this report has no financial impact.

DECISION HISTORY

The protocol relating to financial statements and management letters for Agencies and Corporations requires the governing body of each entity, subsequent to review and approval, 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.

In July 2019, City Council received the 2018 audited financial statements of the following arenas:

- Forest Hill Memorial Arena
- George Bell Arena
- McCormick Playground Arena

City Council also approved the Audit Committee's motion to direct those arenas with outstanding audit issues to implement the management letter recommendations and request the Auditor General to provide an update report to the October 25, 2019 meeting of the Audit Committee.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU3.3>

COMMENTS

Update on Audits of 2018 Financial Statements

This report provides City Council with the 2018 audited financial statements of the following arenas:

- Leaside Memorial Community Gardens Arena
- Moss Park Arena
- William H. Bolton Arena

Each arena's Independent Auditor's Report, accompanying financial statements, and internal control letter (where applicable) is attached to this report.

The audited financial statements of the North Toronto Memorial Arena is complete but was not available at the time of preparation of this report.

The audit of the financial statements for the Ted Reeve Community Arena (TRCA) has not been completed at the time of preparation of this report. The external auditors are performing additional audit procedures to address certain risks identified by the Auditor General. The Auditor General considers those procedures justified based on an increased level of risk resulting from system changes and other matters. The Auditor General's Office is absorbing an additional estimated \$5,000 of extra external audit fees associated with the additional work she deems necessary to follow-up to provide assurance that risks have been adequately addressed. Additional costs may be incurred in the future to address any outstanding risks.

These financial statements are expected to be available for the first meeting of the Audit Committee in February 2020.

Status Update on Outstanding Audit Issues and Management Letter Recommendations

In order to address the Audit Committee motion, the Auditor General reached out to management of the two arenas with outstanding audit issues and requested a status update on the outstanding management letter recommendations as of August 31, 2019. Management of the George Bell Arena has indicated that all two recommendations have been implemented at this time. Management of the Leaside Memorial Community Gardens Arena has indicated that all six recommendations have been partially implemented at this time. The external auditor, Welch LLP, will review the implementation of their management letter recommendations as part of the annual audit process. The status updates received from the two arenas are attached to this report.

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SIGNATURE

Beverly Romeo-Beehler
Auditor General

ATTACHMENTS

2018 Audited Financial Statements - Arenas:

Attachment 1: Financial Statements and Report to Board of Management – Leaside Memorial Community Gardens Arena

Attachment 2: Financial Statements – Moss Park Arena

Attachment 3: Financial Statements – William H. Bolton Arena

Not available at time of preparation of this report:

Attachment 4: Financial Statements – North Toronto Memorial Arena

Outstanding Audit Issues and Management Letter Recommendations - Arenas:

Attachment 5: Status Update on Outstanding Audit Issues and Management Letter Recommendations - Arenas