

Arenas - 2018 Audited Financial Statements Update

Date: January 24, 2020

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>

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

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

City Council also approved the Audit Committee's motion to request the Auditor General to report to the next meeting of the Audit Committee on February 10, 2020, with an update on the reportable matters listed in Welch LLP's Management Letter to the Board of Management, Leaside Memorial Community Gardens.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU4.21>

COMMENTS

Update on Audits of 2018 Financial Statements

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

- Ted Reeve Community Arena

The arena's Independent Auditor's Report, accompanying financial statements, and internal control letter (where applicable) is included as Attachment 1 to this report.

The audit of the 2018 financial statements for the Ted Reeve Community Arena required the external auditors to perform 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. Based on the additional audit procedures performed, Welch LLP has now completed the audit of Ted Reeve Community Arena's 2018 financial statements.

Status Update on Outstanding Audit Issues and Management Letter Recommendations

In order to address the Audit Committee motion for a further update on the reportable matters listed in Welch LLP's Management Letter to the Board of Management, Leaside Memorial Community Gardens, the Auditor General reached out to management of the Leaside Memorial Community Gardens and requested a status update as at January 10, 2020. Management of the Leaside Memorial Community Gardens Arena has indicated that three of the six recommendations have been resolved, while the remaining 3 are 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 update received from the Leaside Memorial Community Gardens is included as Attachment 2 to this report.

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SIGNATURE

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Auditor General

ATTACHMENTS

Attachment 1: Financial Statements and Report to Board of Management – Ted Reeve Community Arena (*Not available at time of preparation of this report*)

Attachment 2: Status Update on Outstanding Audit Issues and Management Letter Recommendations - Leaside Memorial Community Gardens Arena