

**The Calgary Public Library Board**  
**Audit Governance Status**  
**15 May 2014**

To accompany our appearance before the Audit Committee meeting scheduled for May 15<sup>th</sup>, 2014, we are pleased to present the annual Audit Governance Status report from the Calgary Public Library (CPL) Board. This section of the information package will contain CPL's responses to the eight items that are to be included in the annual report.

These items are:

**1. A summary of CPL's Audit Committee's charter or terms of reference**

A brief description of how the audit function is mandated follows.

The Library is governed by the Alberta Libraries Act, which stipulates how Municipal Libraries are created and continued. The Act places the responsibility for the establishment of a municipal library board with the council of the municipality. This same statute provides the Library Board with the full management and control of the Library.

The history of the Calgary Public Library has been closely intertwined with The City of Calgary since 1908 when Bylaw 859 provided for the establishment of a Public Library in the City of Calgary. The current "Calgary Public Library Board Bylaw" was enacted in 2006 as Bylaw Number 38M2006 and clearly specifies the duties, structure, procedures, budget, and independent audit requirements for an annual review of financial accounts and processes. These requirements also respond to the directions contained in the Alberta Libraries Act.

Recognizing the need to augment financial and audit direction with an added emphasis on risk management and the development of an integrated risk policy the Calgary Public Library Board created an Audit Committee in 2012, replacing a previous committee that combined financial oversight and audit responsibilities. The Audit Committee's terms of reference are to oversee risk direction at CPL as well as retaining responsibility to review and direct external and internal audit reports and their findings.

After the establishment of this committee financial oversight became the responsibility of the full board.

The Audit Committee proposed the following mandate for 2014:

1. Receive and review the audited 2013 financial statements and auditor's report on that year's financial performance

2. Review the annual report to the City's Audit Committee and provide direction on comments made by the Committee following CPL's annual attendance before that committee
3. Review activities and policies that present Calgary Public Library with risk and opportunities, such as insurance
4. Receive and review an annual risk management update report
5. Receive the annual external audit plan for the 2014 audit
6. Review operational audits performed periodically to internally benchmark and assess if work functions within the Calgary Public Library are matching best practices

This mandate was approved by the Board at the February 26, 2014 meeting.

**2. Calgary Public Library's Audit Committee's Planned Governance Activities and/or work plan for 2014, with a focus on risk management activities.**

Committees of the Calgary Public Library are set each year. At its inaugural session early in 2014, the Audit Committee developed its mandate and set the year's work plan. Additional meetings were scheduled with members of the Library's Administration. The committee will report to the full Board based on information reviewed at those sessions.

In addition to Committee and Board work all Board members, including those on the Audit Committee, are meeting with administration and a staff group during the February to May 2014 period to develop the next Strategic Plan, which covers the years 2015 - 2018. The Strategic Plan is being developed recognizing the challenges that face libraries. These include competition for patron's time, need for meeting space versus collection space, physical versus digital collections, and the unresolved issues on purchasing affordable digital media.

The Audit Committee will use the following work plan to fulfil its mandate.

**2014 1<sup>st</sup> Quarter** – review of Year End Communication and Audited Financial Statements and external analysis of risk management process gaps

Prior to release of the audited statements, the auditors provide the Board with a "Year-end Communication" which may include emerging issues and upcoming requirements and, in itself, be a review of financial risk. The auditors are present to deliver the audited financial statements to the Audit Committee in early spring, and to discuss their report's findings. The Committee has the opportunity to have an in-camera session with the Audit Partner to discuss any matters the auditors may have noticed during the recently completed audit. The auditors do not focus on internal controls, but provide comments based on their review of internal control at the Library, and any amendments they would recommend.

The Library's most recent audited financial statements and Deloitte's year end communication report are attached to this document.

Early in 2014, at the direction of the Board, with the oversight given to the CPL Audit Committee, the Calgary Public Library engaged a consultant to review the Risk Management process in place at the Library and provide a gap analysis. The review was completed in the first quarter, and a presentation was made to the Audit Committee by the authors of the report. The summary report that resulted from this review is attached to this document.

**2014 2<sup>nd</sup> Quarter** – review of report materials provided to the City's Audit Committee annual governance status report and discussion of any feedback resulting from the appearance before the Committee

These meetings will review the report supplied to the City's Audit Committee and will reflect on any comments or discussion that arose, and provide direction for activities requiring additional focus.

**2014 3rd Quarter** – no meetings are scheduled due to focus on other matters in 2014

Due to the major focus of activity being placed on the planning and development of a new downtown Central Library and a new four year Strategic Plan, there will be no scheduled meeting in the third quarter. The committee will review a confidential risk report tied to the measures in the risk register developed subsequent to the KPMG report based on results tracked for the first two quarters of 2014 for presentation to the full board in Quarter 3.

**2014 4th Quarter** – review of external auditor's audit plan for 2014 and review of activities that present the CPL with risk and opportunity

An audit plan is presented to the Board late in the calendar year by the same auditors retained by The City. This plan is discussed with the auditors, and any concerns or requests are communicated.

As well this meeting will be used to review items that have existing CPL Board policies, such as insurance. Emerging issues will also be addressed.

### **Risk Management Activities**

Some of the work planned for 2013 was delayed due to the priority of recovering from the June flood. While many valuable emergency preparedness lessons were learned from the flood experience, there were many successes due to pre-existing emergency planning and staff resiliency. Although the Central Library was closed to staff and public for close to two months due to the flood damage on the lower level removing access to electricity, elevators, telephones, fire monitoring, and public announcement throughout the building, and the complete loss of all physical items in the basement, the library system opened after only two days closure, providing places for many Calgarians to go when schools and other public facilities and work spaces were unexpectedly not

available, and many residents in affected areas were without power, even after evacuation orders were lifted.

Early in 2014 the Board directed the Library's administration to obtain a review of CPL's existing risk management practices through a contracted risk management assessment and gap analysis. KPMG was selected to provide this report, which has been completed in the first quarter of 2014. KPMG was tasked with reviewing the Library's existing risk management framework and process, with the City's risk management process in mind, measuring how it aligns with leading practices and ISO Standards, and with recommending what processes should be in place where gaps were identified. A summary report of their findings is attached.

CPL has already adopted several of their recommendations. Chief among these was identifying the four risk categories that pose the greatest threats to the Library. These are:

1. Strategic risks
2. Safety and security risks
3. Operational risks
4. Financial risks

Using the criteria included in each of these categories a risk register was created and a confidential update will be provided to the Board quarterly, effective Quarter 2, 2014.

Other suggested improvements already implemented include refining impacts to be specific and measureable, identifying risk owners for each risk factor, and expansion of risk discussion beyond financial risk.

Both the Committee and Administration are committed to refining our risk management process in 2014 and subsequent years. A yearend report will summarize the progress in achieving this goal through an annual integrated risk management update.

The Calgary Public Library Board has a Governance Committee that is also actively involved in risk mitigation at the Board level. The 2014 Governance Committee's work plan is primarily to ensure the right tools are in place to enhance the work of the Board and includes:

- Planning for the annual work of the Board in 2014 through review of mandates and evaluation strategies for all committees
- Policy and procedure review (CPL Bylaws review)
- Review of governance risk assessment
- Strategic planning - Define relationship with the City based on CPL's 2015 - 2018 Strategic Plan
- Complete board succession plan, board recruitment process (skills matrix), board member development plan and continue a board assessment process

- CEO compensation review, performance management, measurement and monitoring

### **3. An overview of the Audit Committee members' qualifications and experience**

The Calgary Public Library's Audit Committee members are:

Chair – Robert Lowther – Board member since 2012

Robert Lowther is a professional accountant (CMA and CPA), and he also holds a Bachelor of Business Administration. Robert brings business, finance, and accounting experience from the construction, mining and government sectors. Robert is the Chief Financial Officer at Avalon Master Builder's group of companies, an Alberta based land developer and homebuilder. Prior to this, he held multiple controller roles within the commercial and industrial construction industry. Robert's volunteer positions have included 3 years as treasurer and board director of the Regina Open Door Society, board director with CMA Okanagan, and board secretary of Kelowna Junior Chamber International, as well as multiple coaching and mentoring roles. In 2012, Robert was a Power 30 Under 30 Honoree from the Apex Society. Robert believes in the significant contributions the public library system plays in Calgary and across Canada, and the importance that technology plays in its future success.

Robert Macaulay – Board member since 2013

Robert is a Director and Executive with a background in leadership, business development and petroleum engineering in a variety of international settings. He believes in employing a mixture of relationship building, creativity and analytical ability to generate value. His other board and committee experience has included public oil and gas companies undergoing dramatic rehabilitative efforts, a not-for-profit bare-land condominium project and sports bodies at the local, provincial and national levels. Robert holds BSc (Chemical Engineering) and MBA degrees from Queen's University and an MBA with distinction from Cornell University. He brings extensive experience and skills to the Board in areas of planning, budgets and governance.

Colleen Pound – Board member since 2012

Colleen Pound is an Executive Strategy Advisor who brings people together for extraordinary results. Her focus is on strategy and leader development, change management for high priority organizational initiatives, and advocacy. She has been working with energy, oil and gas, utility and high tech companies for nearly twenty years. Colleen has a Bachelor's Degree in Political Science and a Masters in Business Administration with a focus on Strategy, from the University of Calgary. She has studied internationally in Denmark and Paris, and completed her International Human Rights Law Certificate at New College, Oxford University in England. Colleen has guest lectured at

a number of universities and was one of 13 people who represented Canada on the Private Sector Mission to Washington, D.C in 2011. Colleen helped launch Calgary's Nelson Mandela Children's Fund, was on the board of the Calgary Women's Emergency Shelter from 2008-2011, and was featured in Avenue Magazine's Top 40 Under 40 in 2012.

Maureen Higgins – Board member since 2013

Maureen is the Vice President Integrated Network Operations and Information Services & Interim COO at AltaLink, Calgary. She is an Operations and Information Technology executive with over 24 years of experience and proven success building high performing teams. A strategic visionary leader, she has a clear sense of purpose and urgency when faced with adverse business scenarios, and is skilled at establishing operational excellence within a diverse culture, translating conceptual ideas and models into growth and operational strategies, and focusing on innovation and value in the areas of strategy, relationship management and return on investment. She graduated from the University of Calgary, and has an Executive MBC from the Haskayne School of Business. She is currently a Director on the Bethany Care Foundation Board and a Member at large for Kids Helping Kids – Alberta Children's Hospital. Her community involvement has included volunteer work with the Canadian Institute for Innovative and Natural Medicine, Honens Pro Am, Calgary Zoo, political campaigns, Diabetes Alberta and Canada Chapters, and UNICEF.

Janet Hutchinson (Board Chair– ex officio member) – Board member since 2011

Janet currently works in two libraries – the Doucette Library of Teaching Resources at the University of Calgary and the school library at Clear Water Academy, where her favorite part of both jobs is finding the perfect book for a reader. Janet has many years' experience in the not-for-profit sector, including 3 years with the Alberta Science Literacy Association as Executive Director and 17 years with Calgary Family Services. Janet's volunteer positions have included 8 years as board member, President, and Past President of the YWCA of Calgary, and 6 years as Board member and President of the Developmental Disabilities Resource Centre Board of Directors. In addition to her position on the Calgary Public Library Board, she is a member of the Calgary Women's Centre Board of Directors and also volunteers teaching knitting at the Centre. Janet is an avid reader and user of the Calgary Public Library and has recently finished her fourth marathon.

#### **4. An overview of the Risk Management process at CPL**

Risk Management has been identified as a priority by the Calgary Public Library Board. Board Policy FI10 provides high level direction to all areas of the Library as follows:

The Calgary Library Board shall make every prudent and reasonable effort to safeguard the Library's assets, operations, employees, and customers against risk. In doing so, it is recognized that risk can take many forms,

exists in all situations and cannot be entirely avoided, but is most successfully managed through the introduction of systematic processes for identifying, evaluating, and managing risk in the most cost effective and efficient manner.

CPL's risk management process is tied to the Strategic Plan, which is developed to allow us to fulfill our Strategic Targets and to meet the expectations of the Libraries Act and the Municipal Bylaw.

The Calgary Public Library provides many different opportunities and venues for use by the citizens of Calgary. Access to the Calgary Public Library is unrestricted and results in more than 5.0 million in-person visits per year. Access to our online resources is available to Library members remotely 24 hours a day and within our buildings during open hours. The Library employs in excess of nine hundred staff requiring a broad range of skill sets, in a variety of full-time, part-time and substitute positions. There are 18 branches located in Calgary. There is a small fleet of vehicles in use during the day and evening. The breadth of materials in the Library's collection reflects the diversity of our growing community. Although the organization is complex a risk perspective is inherent in all that we do.

The Board and staff of the Calgary Public Library acknowledge the reality of risk in all of our programs and activities, and have taken many steps to address this in our operations. Our efforts in this area are continuous and ongoing. While the Library continues to mitigate each of these through training, maintenance, insurance, security and other measures, under the Audit Committee's oversight we are now placing a focus on risk management through a top down policy that will ensure each action is given a risk consideration within a larger organizational framework.

Realizing the need to robustly incorporate risk awareness throughout the organization, in late 2011, the Board created an Audit Committee to oversee the process of advancing the development of an Integrated Risk Management Framework.

During 2012 Library Administration worked closely with City Administration and recommended adopting a risk framework that is similar to the one that has been developed by The City. The Committee recommended the adoption of an Integrated Risk Management (IRM) Framework and Policy, which is largely based on documents that have previously been developed by The City. The City's Risk Management Policy has also been used as the basis for the development of a similar document for the Library.

The Library's Executive Leadership Team met during 2012 and 2013 to identify the risks associated with failure to meet the goals outlined in Launching a New Century of Service, the Library's Strategic plan for 2012-2014.

The Board, Library senior executives, and staff are currently creating a new Strategic Plan to cover the period 2015 – 2018, in which library risks in the next ten year period

have framed the discussion. Not surprisingly, alignment with City goals, especially around community building, has been prominent in the discussion.

The new Strategic Plan will work together with the risk management process for all areas of the Library, ensuring a high degree of thoroughness in our risk evaluation and reporting. This will ensure that:

- Better decisions are made when supported by a systematic approach to risk management
- Risk management will be integrated into existing long term strategic and business planning as well as informed decision-making in the day-to-day management of activities
- Risk management is consistently applied to the development and implementation of policy, programs, plans and future directions of The Calgary Public Library
- The integration of risk management at The Calgary Public Library is supported by a corporate philosophy and culture that encourages everyone to manage risks proactively and to communicate openly about risk.

The addition of an Integrated Risk Management Plan is a formalization of The Calgary Public Library's previous proactive, continuous process to identify, measure, and manage risk. By using best practices, CPL attempts to minimize each identifiable risk.

## **5. An overview of the internal control environment at CPL**

The Calgary Public Library Board has full management and control of the Calgary Public Library. Policies are used to provide effective parameters and direction for decisions and actions undertaken by the Board, management, and staff. The Board employs the Library's Chief Executive Officer, who implements the policies and manages the daily operations of the Calgary Public Library, and who, in turn, is accountable to the Board. The employees who implement these programs and services are accountable to the CEO.

This is communicated through a comprehensive set of Calgary Public Board Policies. In particular, the following policies set the tone of the internal control environment:

- Board Governance
- Policy on Policy
- Board Orientation and Education
- Public Input and Consultation Policy
- Annual Audit Policy
- Risk Management – risk assessment component included in all Board reports
- Code of Conduct
- Staff Orientation and Training



In addition, the following Board policies contribute to control activities ensuring that management directives are carried out:

- Delegation of Authority
- Purchasing
- Internal Debt Management
- Insurance
- Expense Claim Reimbursement
- Investing
- Donations

All internal processes are fully documented, actively monitored, and continuously updated as changes occur. Continuous improvement practices are in place in all parts of the organization.

Our approach to internal control incorporates many different kinds of activities. A representational list of some of the many ways in which the Library uses internal control to address risk includes:

- Continuous environmental scanning
- Disaster procedures which are documented and available at each location – our success stories of the past two years include complete evacuation of the Central Library in under three minutes when a customer started a fire in a third floor washroom and opening the library system after a two day closure using back up computing solutions while all of our main servers were located in a building without power and running on generators because of the 2013 flood
- Documented procedures available to each employee to deal with difficult customers, coupled with initial and ongoing training to ensure understanding of the procedures, which are supported by updated documentation available on Sharepoint
- Emergency backup procedures to minimize loss of data and downtime through loss of access to a site (the flood of 2013 accelerated the move to City sites that are less susceptible to the type of disaster that occurred in 2013)
- Annual review with our insurer to discuss the adequacy of our physical and nonphysical insurance, discussion of past insurance history, and understanding of new requirements that may form part of new coverage
- Safety training and individualized position safety assessments which are signed off each year by our staff
- Best practices to prevent external and internal fraud, which includes camera monitoring in selected areas at each branch
- A corporate culture which expects ethical behavior, including a Standards of Conduct Handbook, which is familiar to all staff, and part of each new hire's training
- A corporate culture which expects every area of the Library to be award winning and innovative, and create or follow best practices

- A volunteer program that is managed to augment Library services, while not adding additional risk to the organization
- Financial budgeting, monitoring and forecasting that ensure efficient and effective service provision
- Procurement procedures that follow all legal requirements, but also ensure best value in the purchase process
- Division of duties to prevent fraud
- Asset oversight to ensure assets are effectively and efficiently used, and loss or damage is minimal
- Use of security services where and when warranted
- Suspending the library privileges of customers who pose a risk to our staff, our customers, our assets, or themselves

All of CPL's internal control procedures have been put in place to avoid, reduce, or minimize the negative consequences of risk.

## **6. Summary of the 2013 external auditor reports to The Calgary Public Library Board**

Harman Gill, CA Partner, Assurance and Advisory Deloitte, and Nicole Whyte, CA Manager, Private Client Services Deloitte, attended the March Audit Committee meeting and presented the *Year-end Communication to The Calgary Public Library Board* for the year ended December 31, 2013. This report is included as Attachment 2.

The communications and findings arising from the audit are:

- An unqualified opinion was issued on the financial statements after all outstanding procedures were completed
- There were no significant difficulties while performing the audit, neither through delays in receiving information from management, nor through an unnecessarily brief timetable to complete the audit
- The audit was conducted in accordance with the audit plan, which was communicated to the Library on November 27, 2013
- No restrictions were placed on the scope of the audit
- There were no disagreements with management
- The auditors did not identify any areas of material non-compliance with laws and regulations by the Library
- The auditors did not rely on internal controls, but applied a substantive audit approach to testing of the financial statements. While obtaining an understanding of internal controls, they did not identify any significant weaknesses in internal control
- There were no uncorrected misstatements
- There were no disclosure deficiencies

- There were no issues noted relating to management override of controls in the context of the financial statements taken as a whole
- Due to the impact of the flood an area of audit focus was valuation of TCA impairments. The auditor's conclusion was that tangible capital assets and insurance proceeds revenue are not materially misstated in the context of the financial statements taken as a whole
- Other areas of audit focus were also considered fairly stated, appropriately classified and properly disclosed
- In the auditors judgment, the significant accounting estimates made by management are free of possible management bias and of material misstatement and that the disclosure in the financial statements around estimation uncertainty is in accordance with PSAS and is appropriate to the particular circumstances of the Library

## **7. 2013 Annual Financial Statements**

The Calgary Public Library Board Financial Statements for the year ended December 31, 2013 are included as Attachment 3.

The 2013 statements are comparable to statements issued since 2009. Statements prior to 2009 are not comparable as they were prepared under a modified accrual basis prior to changes in Public Sector Accounting Board reporting requirements.

Note 1 to our financial statements includes a Reconciliation of Financial Plan (Budget) to Financial Statements. The schedule ties our budget, which is still being developed on the modified accrual basis, to our financial statements, which are being presented on a full accrual basis. The major reconciling items occur in the reporting of non-financial assets, particularly the expenditures relating to the purchase of tangible capital assets, the funding applicable to those purchases, the depreciation of all tangible capital assets, and the repayment of debt, and in the presentation of surplus and accumulated surplus. Amortization of assets as an annual expense is a significant change from the full expensing of capital purchases that occurred under the modified accrual basis, and has altered the reporting of surplus and accumulated surplus.

The year end accumulated surplus amount in the Statement of Operations and Accumulated Surplus indicates that the Library is able to enter 2013 as a viable entity, although still largely dependent on government funding to maintain future operations. However, the Accumulated Surplus table in Note 9 indicates that, of the total surplus, only \$721,841 is unrestricted.

Comparison of major changes 2013 versus 2012, with both years reported on a full accrual basis follows:

### **Statement of Financial Position – December 31, 2013**

- Financial assets have increased by \$2,464,467. These numbers reflect increased cash and equivalents \$1,713,334 and accounts receivable \$751,133.
- Financial liabilities have increased by \$1,174,420. This is due to the repayment of debentures and loans \$930,021, an increase in accounts payable and accrued liabilities of \$2,320,580 and a decrease in deferred revenue of \$216,139.
- Net financial assets have increased by \$1,290,047.
- Non-financial assets have increased by \$3,995,386. The largest increase \$3,962,188 was in net tangible capital assets, which represents the growth in our asset base minus the growth in the amortization of all assets under stewardship as follows:
  - Decrease in assets under stewardship (including the books portion of the collection) - \$5,639,992
  - Decrease in accumulated amortization of assets under stewardship - \$9,602,180Inventory decreased by \$13,506 and prepaid expenses increased by \$46,704
- Accumulated Surplus increased by \$5,285,433. The comparison of each component of accumulated surplus is described in Note 9 to the financial statements.

**Statement of Financial Operations and Accumulated Surplus – for year ended December 31, 2013**

- Revenues increased by \$1,708,193 from 2012. This increase was the combined result of:
  - An increase of \$1,722,583 in additional base funding from The City of Calgary
  - One time insurance funding relating to the 2013 flood of \$744,051
  - An increase of \$29,141 in additional funding from the Province of Alberta
  - A decrease of \$189,972 in fines and fees revenue
  - A decrease of \$627,143 in investment and other revenue, mainly due to insurance proceeds received in 2012 to repair damage from a fire at the Central Library
  - An increase of \$29,533 in donation, grants and sponsorships
- Expenses, including amortization, increased by \$1,278,998 from 2012. These expenses resulted in the following:
  - An increase of \$413,589 was from salary and benefit expenses
  - A decrease of \$71,893 was from the non-asset component of the collection
  - An increase of 55,300 in building and equipment expenses

- An increase of \$798,680 was from general operating costs
  - An increase of \$141,799 was due to increased amortization costs
  - Occupancy costs decreased by \$11,906
  - Interest charges on City of Calgary financing decreased by \$46,571
- Other changes were mainly for government transfers for capital representing the funding by the City of life cycle infrastructure

**8. Other pertinent information CPL would like to provide to The City's Audit Committee:**

From its beginnings in 1912, the Calgary Public Library has played a key role in enhancing quality of life for all of Calgary's citizens. Through a broad range of services and programs, the Calgary Public Library inspires the life stories of Calgarians of every age, ability, origin, and financial capacity. Providing a diverse range of resources for information, learning, inspiration, and enjoyment, the Library is proud to be providing a second century of service excellence to the City of Calgary and its residents.

The Library has successfully responded to the challenges of growth, technological change, increasing diversity, and rising customer expectations. Today, it is an award-winning library system, and a leader in public library service delivery in North America, providing innovative and responsive collections, service, and programs that enrich lives and build community. In 2014 the Calgary Public Library is an integrated network of 18 locations throughout the city working together to develop, implement, and evaluate services that meet the needs of the growing and increasingly diverse population of Calgary. By partnering with The City it is already planning for three growth libraries, one unstaffed satellite library, and a new Central Library.

The Library's mission positions it at the nexus of all of City Council's priorities, with the result that the Library is strategically and physically situated to play a large and important role in community life in Calgary.

The Calgary Public Library is Calgary's most public institution, with well over 5 million in person visits per year, more than 17 million items circulated annually (including an increasing array of digital items), a diverse complement of publicly attended programs, and a website that provides remote access 24 hours a day.

Although the library is available to all, and provides service for all, it has directed services to meet the needs of several important, and often over looked, groups. These populations include

- Those who are new to Canada and new to Calgary
- Young children and the families of young children
- Residents with physical and economic barriers

The Library is providing tools to assist all of these Calgarians in reaching their potential.

**Strategic plan for 2012-2014**

In 2014, the Calgary Public Library enters the final year of its three-year Strategic Plan: *Launching a Second Century of Service, 2012-2014*. The plan outlines four strategic directions: renewing the heart, transforming service, connecting community and building capacity.

A new four year strategic plan for the period 2015 - 2018 is being drafted to address the combined vision of the Board and the CEO, who was hired in February 2014. This plan is scheduled to be adopted before June 2014 to coincide with the development of a four year budget.

**Major challenges and opportunities facing the Library at this time:**

***1. Per capita funding***

The Calgary Public Library has received significant commitments of additional funding from the City of Calgary in the past decade, especially for new and life cycle infrastructure, but still ranks low in per capita operating funding compared to other major public libraries in Canada.

Based on Canadian Urban Library Association Key Performance Indicators for 2012 (the last year for which statistics are available) CPL received an operating grant of \$36.91 per capital from the municipal government compared to an average per capital funding level of \$40.85 for all municipally funded public libraries in centres with populations greater than 50,000.

In major municipalities CPL is the lowest per capita as follows:

- Vancouver \$59.71
- Toronto \$57.46
- Montreal \$45.45
- Ottawa \$40.87
- Edmonton \$38.10

Of the top ten municipalities by population only Brampton, Abbotsford, Mississauga, and Winnipeg rank lower per capita. These cities have significantly fewer inhabitants than Calgary.

The required funding has not been available to keep up with the City's growth in both size and demand.

***2. Simultaneous changes impacting all areas of the Library***

- Technology
- Publishing and e-books
- Society and demographics

There is perhaps no more comprehensive driver of change in the Library than technology. Much has already happened, as e-books and e-readers have entered the mainstream. The Library is also facing challenges acquiring e-content, as some publishers are continuing to choose not to sell their material to libraries, or selling the content at a significant premium over individual purchases.

But in terms of service delivery, these new formats and devices are merely the beginning. A deeper study of trends in technology reveals unprecedented opportunities to reach new customers in new ways, and to transform the way that Library work itself is performed.

At the same time as this rapid technological change, the population of the Library's service area is projected to increase to over 1.3 million by 2018 and to over 1.6 million by 2042 (from 1.1 million in 2013)\*. Underlying this growth are significant trends for library planning:

- The number and proportion of young children and youth will increase significantly over the next ten years,
- The number and proportion of seniors will increase even more significantly,
- The number of people entering the work force will shrink, while the number of migrants will increase. Most of this increase will be from regions in Asia
- All of the above will result in a decrease in the working age population (15 - 64)
- City planning will attempt to locate a balance of this growth between established areas and suburban green fields

\* Per City of Calgary Population Outlook 2013 – 2018

### ***3. Lifecycle replacement and infrastructure needs including***

- Maintaining and improving our assets
- Providing service to areas of population growth

Ongoing maintenance and replacement activity on existing Library space is essential to maintain standards of safety, efficiency, functionality and comfort. Many of the Library's existing branches are small, overcrowded and operating at over-capacity levels.

During the 2012 – 2014 three year budget cycle The City provided significant commitments of capital funding, and other assistance, which is allowing the Library to fill previously unfunded life cycle maintenance capital needs and plan libraries to open in previously underserved areas. A significant list of projects remains unfunded.

The community of Calgary continues to grow, spread outward and increase in its diversity. At the same time, usage levels are trending upward, resulting in additional demands for collections, programs, and services. There are very significant wait lists for programs for the youngest Calgarians. There is no other group in Calgary that can provide pre-school literacy programs to all young Calgarians and ensure they can enter school prepared to learn and succeed.

The core central functions that support essential system operations are presently at capacity and must be strengthened for the Library to sustain its operations and to position it for continuing future success.

With respect to branches, there is a need for an additional 54,000 square feet of space. Matching the opening of the planned new branches with forecasted population increases will still result in a deficit of 36,500 square feet in 2018. Studies indicate that overall library use is 44% lower among residents who live more than 3.5 km away from a library service point. Presently, an estimated 220,000 Calgarians live beyond this service threshold.

Even as we emerge from an unstable economic climate, Calgarians continue to turn to the Library to borrow books and DVDs, instead of buying or renting; to attend a free program on tax preparation, legal rights and obligations; to get job search and career advice from expert volunteers; to learn new computer skills; and to practice speaking English in *ESL Conversation Clubs*; or simply to find meaning in an increasingly complex and noisy world.

Increases in use and use by new customers are welcome, but place significant pressure on resources already stretched to their limits. The inclusion of the Library in planned regional recreation centres and transit-oriented developments will help the Library respond to growing service demands.

#### **4. Succession Management**

Like many organizations, the Library is positioning itself to meet anticipated staffing challenges and transitions. We foresee a more competitive work environment where recruiting staff with the necessary expertise to capably handle the simultaneous changes mentioned above is becoming increasingly more difficult. As a result, we are investing in the training, coaching and mentoring of current staff in order to ensure they are able to take on leadership and management roles in the future. The essential skills required to deliver 21<sup>st</sup> century library service are not the same as those required in the past. Many of our staff in leadership positions are also of an age where it is likely the Library will see turnover at a rate we have not experienced previously.

#### **5. Increasing regulatory requirements**

Lawful access legislation is placing increased responsibility on libraries to monitor and record patron access to the Internet. As well as the human rights issues this presents, it



will also require a greatly enhanced IT presence to ensure legislated requirements are met and retrievable.

Digital rights management and copyright reform are issues that impact libraries and will shape the content of Libraries of the future. Legislation is currently tipping rights from users of created works to their creators.

Many other regulatory and stewardship functions present staffing challenges. Examples are

- Added complexity of financial reporting and stewardship since the PSAB mandated changes on reporting of tangible capital assets. This process is further complicated due to the complex relationship between the Library and various units of The City with respect to stewardship of some larger assets.
- Ongoing maintenance of an asset management system
- Integrating a risk framework throughout the organization
- Public and employee health and safety requirements

However, in an environment of limited resources the library must make decisions on cutting public facing positions in order to provide staff to adequately meet the needs of these often externally mandated areas.

Respectfully submitted by

The Calgary Public Library