

Calgary Public Library
Presentation to City Audit Committee
May 15, 2014



AUDIT COMMITTEE
May 15, 2014

Robert Lowther
Chair, Audit Committee
Calgary Public Library Board

Bill Ptacek
Chief Executive Officer

Eirose Klause
Controller



Terms of Reference

- CPL's Audit Committee was created in 2012
- The Terms of Reference are to:
 - Review and direct external and internal audit reports
 - Oversee risk direction at CPL

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Overview of Planned Governance Activities

Two Committees focus on governance

- Governance Committee guides and enhances the Board's governance practices
- Audit Committee planned activities:
 - Oversee the risk management function of the Calgary Public Library
 - Receive the annual external audit plan
 - Receive and review the audited financial statements and auditor's report on the year's financial performance
 - Review operational audits performed periodically to internally benchmark and assess if work functions within the Calgary Public Library are matching best practices
 - Receive and review an annual risk management update report

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Audit Committee Members

- Robert Lowther, Chair
- Colleen Pound
- Rob Macauley
- Maureen Higgins
- Janet Hutchinson, Board Chair

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Overview of Risk Management Process

- The Library uses a proactive, continuous process to identify and minimize risk
- CPL Board Policy F110 provides high level direction on risk management
- Board Audit Committee reviews audit and risk factors and is responsible for evolution of Risk Framework
- Quarterly review of risk measures by CPL's Audit Committee will commence Q2, 2014
- Risk management consistently applied to development and implementation of policy, programs, plans and future directions

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Overview of Internal Control Environment

- The Library Board has full management and control of the Library, with policies used to provide direction for decisions and actions by Board, management and staff
- The CEO is accountable to the Board, and Library staff are accountable to the CEO
- A comprehensive set of Board Policies sets the tone of the internal control environment
- All internal processes are fully documented, actively monitored, and continuously updated as changes occur
- CPL performs regular internal reviews of operational units

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Summary of External Auditors' Report



- Unqualified opinion was issued on the financial statements
- No restrictions placed on the scope of the audit
- No areas of non-compliance with laws and regulations identified
- No uncorrected misstatements
- No disclosure deficiencies
- No instances of management overriding controls
- No significant weaknesses in internal control identified
- The areas of audit focus were concluded to be fairly stated, appropriately classified, and properly disclosed
- Accounting estimates are free of management bias and material misstatement

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Commentary on 2013 Statements



- **Major reconciling items occur in reporting of:**
 - Tangible capital assets and depreciation on those assets
 - Repayment of debt
 - Presentation of surplus and accumulated surplus
- **The Library ended 2013 with a small unrestricted surplus**

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Emerging Issues



- **Per capita funding**
- **Simultaneous changes impacting all areas of the Library:**
 - Technology
 - Publishing and e-books
 - Society and demographics
- **Lifecycle replacement and infrastructure upgrades:**
 - Maintaining our assets
 - Providing service to areas of population growth
- **Succession Management**
- **Increasing regulatory requirements, including for Financial Services and Information Technology**

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Summary



- Clean and unqualified audit opinion
- Separate Audit and Governance Committee
- Strengthening focus on risk management
- Active environmental scanning systems in place
- Strong organizational commitment to continuous process improvement
- Recognized leader in peer group

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