

**Calgary Arts Development Authority Report to
Audit Committee
2018 July 25**

**ISC: UNRESTRICTED
AC2018-0591
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Calgary Arts Development Authority Audit Committee Annual Report

EXECUTIVE SUMMARY

This is Calgary Arts Development Authority's annual report and risk management report to the Audit Committee

ADMINISTRATION RECOMMENDATION:

That Audit Committee receives this Report for Information.

PREVIOUS COUNCIL DIRECTION / POLICY

The Audit Committee Bylaw states that Audit Committee is responsible for:

"overseeing its governance responsibility with audit committees of the City's major autonomous civic entities."

Section 4(1)(i)

BACKGROUND

In a letter dated 2018 April 06 to Calgary Arts Development Authority (CADA), the Chair, Audit Committee requested that the Audit Committee receive a report and presentation from CADA's Audit and Finance Committee on "its 2017 Annual Report, its risk management processes and the Audit and Finance Committee terms of reference."

The following items were requested to be provided in CADA's annual report to the City's Audit Committee:

1. Brief summary on governance structure, succession planning and recruitment process, recent financial highlights and key 2018 initiatives/strategy;
2. Report on your organization's key operating and strategic risks including trends and risk management plans and processes;
3. Analysis of the top three financial and/or operational risks that in your opinion would impact the City of Calgary and be of concern to the City's Audit Committee;
4. Report on internal controls including information technology and systems;
5. Most recent management letter including management responses as appropriate; and
6. Audit Committee 2018 Work Plan.

The presenters of the report should be prepared to answer the following questions:

1. What is the frequency of review and are there any recent changes to the Audit Committee Charter or Terms of Reference?
2. What is the current composition of the Audit Committee and what is their relevant financial experience?
3. Have there been any significant changes to organizational leadership?
4. Are there any regulatory or market changes that may impact the current business approach and would they be relevant to share publicly with the Audit Committee?
5. Are there any results of any regulatory or internal/external business assessments that provide assurance on the effective management of risks as addressed in your presentation?

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6. What initiatives are currently in progress to improve the efficiency of your processes? (e.g. sustainable operations, key performance indicators and relevance of the organization in the future)

INVESTIGATION: ALTERNATIVES AND ANALYSIS

This report responds to the City Audit Committee's reporting requirements of the CADA Board.

In 2005, the City's Audit Committee initiated a review of the City's governance structures pertaining to its main subsidiary organizations, and autonomous civic entities that represent significant assets to the City of Calgary and/or have significant operating budgets.

This annual report from the CADA Board is the second to be made to the Audit Committee in accordance with the changes that were implemented as a part of the governance review. The CADA Board anticipates that this presentation will be part of an ongoing annual opportunity for an ongoing dialogue with the Audit Committee concerning CADA's ongoing governance structure and risk management protocols.

The Attachments address the questions posed by the Audit Committee to CADA.

Stakeholder Engagement, Research and Communication

Strategic Alignment

Not applicable

Social, Environmental, Economic (External)

Not applicable

Financial Capacity

Current and Future Operating Budget:

Calgary Arts Development is currently working with Administration as part of the One Calgary budget process to prepare a four-year budget request.

Current and Future Capital Budget:

Not applicable

Risk Assessment

Please refer to Attachment 1 response to top three financial and/or operational risks.

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REASON(S) FOR RECOMMENDATION(S):

This report is for information only

ATTACHMENT(S)

1. Attachment 1 – Calgary Arts Development Authority – Audit Governance Status Report
2. Attachment 2 – KPMG Report to the Calgary Arts Development Authority Board of Directors for the year ended December 31, 2017
3. Attachment 3 – Calgary Arts Development Authority Audited Financial Statements for the Year Ended December 31, 2017
4. Attachment 4 – Calgary Arts Development Authority FYE 2017 vs. FYE 2016 variance analysis
5. Attachment 5 – Calgary Arts Development Authority 2017 Compliance Checklist
6. Attachment 6 – 2017 Finance and Audit Committee Terms of Reference
7. Attachment 7 - cSPACE Projects Audited Financial Statements for the year ended December 31, 2017