

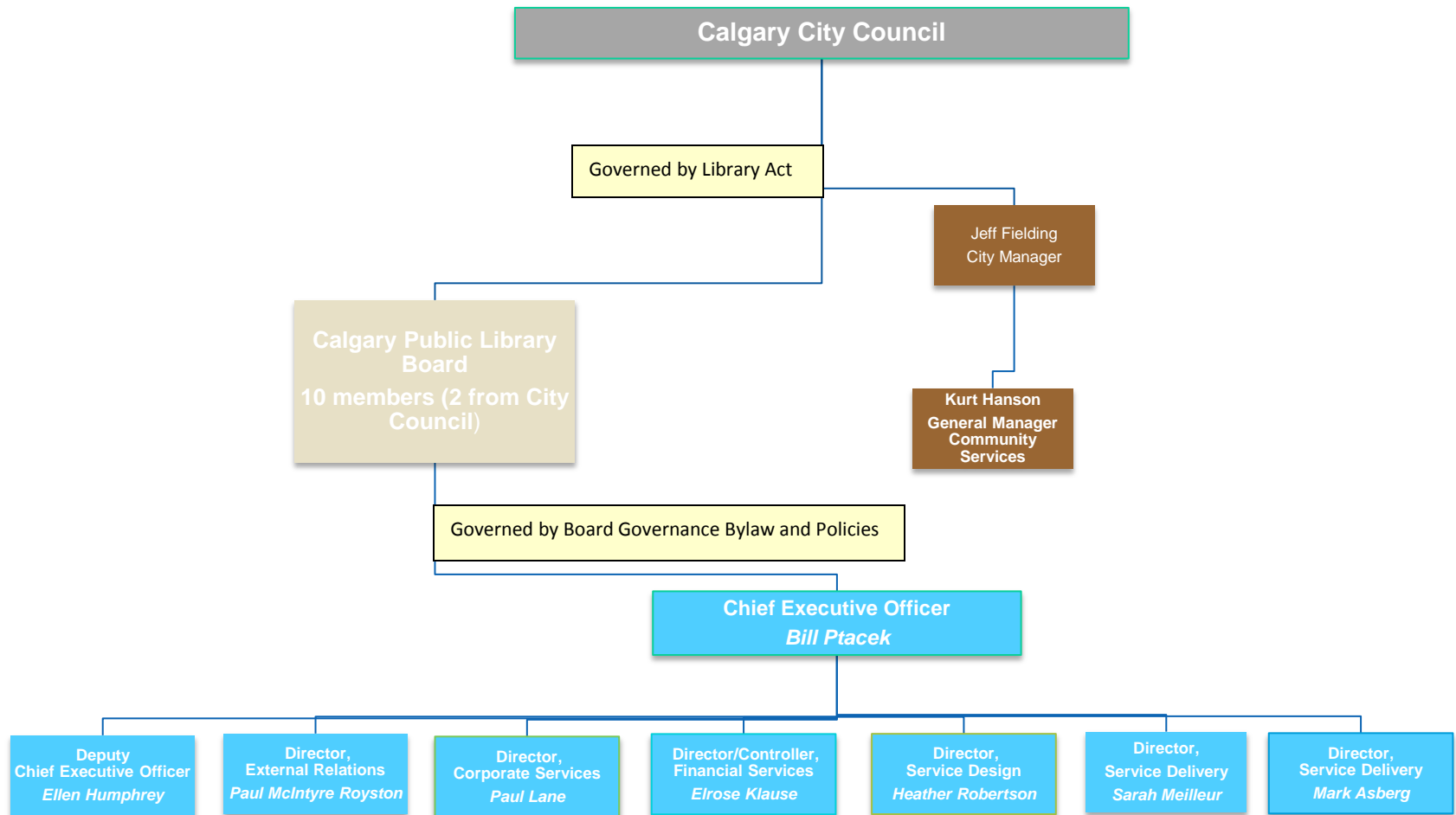
# **The City of Calgary's Audit Committee**

July 27, 2017

**Calgary Public Library Board**  
**Debra Giles, Audit & Finance Committee Chair**  
**Bill Ptacek, Chief Executive Officer**  
**Elrose Klause, Controller**



# Governance Structure



# *Board Succession Planning and Recruitment Process*

- After a search process, potential candidates are interviewed and selected to fill skills required and to represent a broad range of Calgarians
- Recommended candidates are reviewed by Council
- Council appoints any vacancies on the Board
- Terms of appointment are intentionally staggered
- The Board annually selects a Chair from among its members
- Any Board member can become Chair

THE CALGARY PUBLIC LIBRARY BOARD  
Financial Plan Balance Compliance Schedule  
For the Year ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
<b>STATEMENT OF OPERATIONS</b>			
<b>REVENUES</b>			
City of Calgary	44,388,883	44,388,883	43,285,027
City of Calgary Insurance Proceeds (Schedule 2)	-	71,719	-
Province of Alberta	6,840,405	6,891,263	6,760,417
Federal Government	240,372	246,093	-
Fines and fees	1,237,799	1,162,207	1,269,045
Investment and other revenue	452,121	513,957	542,497
Grants and sponsorships	1,678,054	1,987,295	2,075,441
	54,837,634	55,261,417	53,932,427
<b>EXPENSES</b>			
Salaries and employee benefits	36,137,650	36,742,207	35,044,221
Collections	7,307,646	4,168,610	4,284,074
Building and equipment	3,522,332	7,475,309	6,372,441
General operating	6,913,499	6,884,872	6,867,985
Amortization	-	6,923,018	6,938,108
Occupancy costs	975,315	990,390	812,760
	54,856,442	63,184,406	60,319,589
<b>REVENUES SHORTFALL - BEFORE OTHER</b>	(18,808)	(7,922,789)	(6,387,162)
<b>OTHER</b>			
Write off of tangible capital assets	-	(16,722)	-
Government transfers for capital	-	5,781,767	5,792,696
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	(18,808)	(2,157,944)	(594,466)
<b>ADJUSTMENTS FOR NON-CASH ITEMS:</b>			
Amortization expense	-	6,923,018	6,938,108
<b>ADJUSTMENTS FOR CASH ITEMS:</b>			
TCA additions expenditures (Schedule 1)	-	(8,050,273)	(8,873,081)
Changes in fund balances and capital reserves	-	3,268,724	2,364,225
Contribution from/to reserves	225,941	-	-
Adjustments of tangible capital assets	-	(247)	10,580
Write off of tangible capital assets	-	16,722	-
Tangible capital assets accrual	-	-	154,634
<b>FINANCIAL PLAN BALANCE</b>	207,133	-	-

## *Most Recent Financial Reporting*

- An unqualified opinion was issued
- No significant difficulties presented by the Auditors
- Audit conducted in accordance with the audit plan
- No disagreements with management
- Estimates considered free of possible management bias and of material misstatement
- No areas of material non-compliance with laws and regulations identified
- No uncorrected misstatements
- No disclosure deficiencies
- No issues relating to management override of controls

## *Internal Controls*

- Up-to-date Board policies – last review 2015
- Up-to-date disaster recovery procedures
- Annual external financial audit
- Documented customer service procedures
- Documented financial and purchasing procedures
- Annual insurance review
- Safety training
- Use of security services when warranted
- IT uses industry standards and methodologies to reduce information security risks



## 2016 Highlights

- Planned use of accumulated surplus to meet strategic goals resulted in:
  - Increased memberships – 147,226 new members
  - Active users increased to 575,000 – goal by year end 2018 is 800,000
  - In person visits increased by 368,367
  - New services and programming focused on early learning and families with book truck services initiated and early literacy programs taken to 694 daycares
  - Use of digital resources increased significantly (electronic circulation increased by 8% to 2,399,712)
  - Room bookings increased by 41%
  - Approximately 2,000 increased open hours

## *Calgary Public Library's Board Policy on Risk Management (2015)*

“The Board shall make every prudent and reasonable effort to safeguard the Library’s reputation, assets, operations, staff, volunteers, and patrons against risk. To the best of its ability, the Board will ensure risks are identified and managed to a level which meets the Board’s tolerance for risk.”



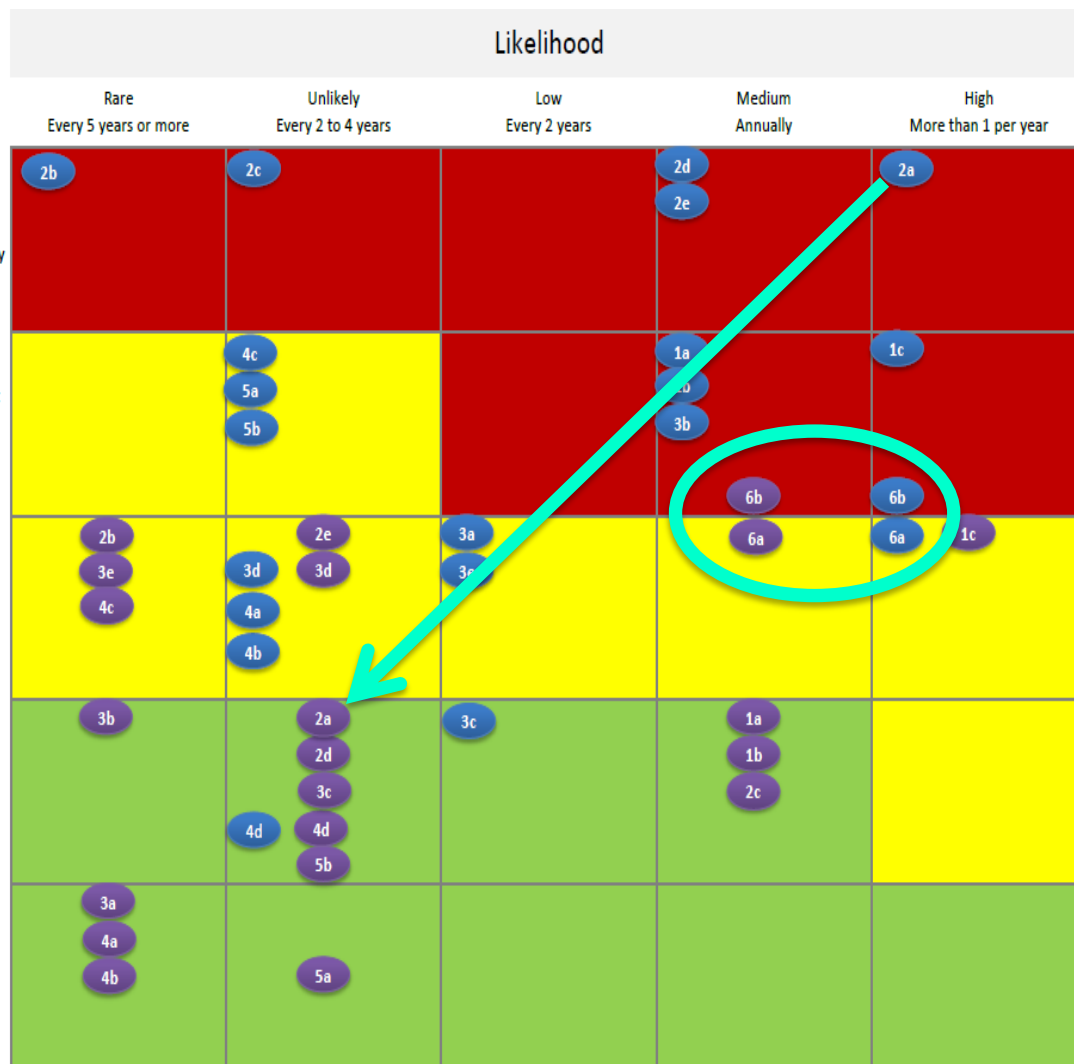
## *Risks We Care About*

Strategy 1	Strategy 2	Strategy 3
Strengthen Neighbourhoods in a Growing City	Bring the Library into More People's Lives	Focus on Services That Make a Difference


## *Our Risk Categories*


- Strategy
- Finance
- People
- Operations
- New Central Library
- Security

# Heat Map



## Conditions

 Before Mitigation

 After Mitigation

### 1 Strategy

- a Members/capital - quarterly count
- b Customer Satisfaction
- c Community Partner Involvement in Programs

### 2 Finance

- a Fraud
- b Funding
- c Allocation of Resources
- d Planned Operating Expenditures
- e Planned Capital Expenditures

### 3 People

- a Reputation Impacts
- b Staff Engagement
- c Vacancy Rate
- d Recruitment Time for Critical Positions
- e Availability of Volunteers

### 4 Operations

- a Building Visits
- b Website and catalogue sessions
- c Facility Availability
- d Relationships with Partners in Joint Facilities

### New Central Library

- 5 a Transition in Service
- b Reputation Maintained

### Safety / Security

- 6 a Incidents at Community Libraries
- b Incidents at Central Libraries

## *Top 3 City of Calgary Risks*

1. Areas of Calgary that do not have access to a conveniently located community library
2. Libraries in established communities not sized to meet demands of the patrons in those communities
3. New Central Library: what if it does not live up to all of the expectations created for it