

**Calgary Arts Development Authority Report to
Audit Committee
2019 July 23**

**ISC: UNRESTRICTED
AC2019-0624**

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

CALGARY ARTS DEVELOPMENT AUTHORITY RECOMMENDATION:

That the Audit Committee receive the presentation with respect to Report AC2019-0624 for the Corporate Record.

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

A letter dated 2019 May 6 was provided to the President and Chief Executive Officer of the Calgary Arts Development Authority from the City of Calgary Audit Committee Chair requesting a report and presentation on its 2018 Annual Report, risk management processes and the Audit and Finance Committee terms of reference.

1. The letter outlined the items to be provided in their annual report to The City's Audit Committee, as follows:
2. Brief summary on governance structure, succession planning and recruitment process, recent financial highlights and key 2019 initiatives/strategy;
3. Report on the organization's key operating and strategic risks including trends and risk management plans and processes;
4. Analysis of the top three financial and/or operational risks that in our opinion would impact the City of Calgary and be of concern to the City's Audit Committee;
5. Report on internal controls including information technology and systems;
6. Most recent management letter including management responses as appropriate; and
7. Audit Committee 2019 Work Plan.

As requested in the letter, presenters of the report will 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?

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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?
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 third 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 annual opportunity for an ongoing dialogue with the Audit Committee concerning CADA's governance structure and risk management protocols.

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

Stakeholder Engagement, Research and Communication

Regular shareholder engagement over and above our AGM includes annual civic partners reporting to CSPS, annual one-on-one meetings with councillors, annual audit committee presentation and working continuously with administration on a number of files.

We also undertake research and analysis on data we collect via our grant investment clients, survey tools and other engagement methods that assist us in developing vigorous evaluation methods and evidence-based decision making.

Strategic Alignment

Our strategic planning is supported by a robust and regular cycle of community and partner engagement to ensure alignment to our civic partner and City strategies and policies. In preparation for the next four-year budget cycle 2019-2022 we prepared a renewed four-year strategic framework. Our strategic priorities were prepared in alignment with *One Calgary* and overarching civic policies including: the *Civic Arts Policy*, *imagineCalgary*, *Cultural Plan*, *Recreation Master Plan* and *Centre City Plan*.

Social, Environmental, Economic (External)

Financial Capacity

Current and Future Operating Budget:

Our 2019 budget is approximately \$12.1M

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Current and Future Capital Budget:

Not applicable.

Risk Assessment

In the first year of our new four-year strategic framework we continue to monitor and update the operating and strategic risks Calgary Arts Development faces.

- A quarterly compliance certificate is prepared confirming our legal commitments as well as raising any risk factors that may have arisen. The certificate is shared with our finance and audit committee as well as our entire board. Our most recent certificate is attached.
- Formal board policies that ensure authority and risk mitigation concerning financial and legal accountabilities are shared. Further, our terms of reference for the finance and audit committee call for it to serve as a first layer of risk monitoring prior to each board meeting.
- Our annual audit process has a specific section that addresses any fraud or risk factors that may have come to the attention of our auditors. Subsequently the finance and audit committee meets with the auditors (in camera and with CADA management) to discuss further and provides a comprehensive report on all audit factors accordingly.

REASON(S) FOR RECOMMENDATION(S):

The City of Calgary Audit Committee oversees its governance responsibility with audit committees of The City's major autonomous civic entities and an annual report is requested each year.

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, 2018
3. Attachment 3 – 2018 Finance and Audit Committee Terms of Reference
4. Attachment 4 – Finance & Audit Committee 2019 Work Plan