



# Exhibition Place

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July 31, 2016

To: Finance & Audit Committee  
From: Dianne Young, Chief Executive Officer  
Subject: **Proposed Three-Year Key Business / Operational Audit Review Cycle**

**ACTION REQUIRED**

## Summary:

This report outlines a rolling three-year cycle to undertake key business / operational audits at Exhibition Place.

## Recommendations:

**It is recommended that the Finance & Audit Committee receive this report for information.**

## Financial Impact:

There is no financial impact as the funding to conduct the studies is or will be contained within the 2016, 2017 and 2018 Operating Budget.

## Decision History:

The Exhibition Place 2014 to 2016 Strategic Plan had a Financial Goal to *effectively monitor costs and revenues* and as a strategy to support this Goal *we will seek review and revise financial and organizational systems to strengthen controls and process.*

At its meeting of December 14, 2015, the Committee had before it a report entitled "Mandate of the Finance & Audit Committee – Background Information" which discussed the mandate of the Committee and the relationship between the City, the City Auditor General and the Board.

## Issue Background:

In order to enhance the Board's current Risk Management directions, Exhibition Place staff are proposing a structured, consistent and continuous review process on an annual basis of key business cycles/areas to assess risk and find improvements to enhance the internal control environment.

## Comments:

Exhibition Place, as part of the Board's strategic plan, has always incorporated elements of risk assessment as fundamental for its corporate governance and enhancing the process of internal controls. Generally, in the past Exhibition Place has met this mandate through multiple directions:

- (a) Review of Exhibition Place Operations by the AGO: Based on the risk assessment undertaken of all City Departments, Boards and Agencies, the AGO sets an annual work plan to allocate resources and to undertake risk assessments which plan in 2011 included a "Review of Parking Revenue Controls at Exhibition Place". This review was completed through a contract with Price Waterhouse Coopers LLP in 2016.

- (b) Annual Financial Audit: Every year the City-appointed external auditor does a review and assessment of the Board's internal control environment and an audit of the Board's Consolidated Financial statements. The review done by the external auditor is not assurance on the internal control environment, this review and audit summarizes the scope of the audit work conducted, describes the audit objectives, identify issues of audit significance and provides communications required by Canadian Generally Accepted Auditing Standards. The review of the control environment and audit of the financial statements is designed to express an opinion on the consolidated financial statements. Based on the audit findings, if the auditors make any suggestions and recommendations to improve the accounting and internal control procedures, staff will implement the auditor's recommendations. The auditors will also provide an update to the Finance and Audit Committee on the status of prior year internal control recommendations.
- (c) FM Global Report: FM Global, the City of Toronto Insurance Provider through which Exhibition Place insures its buildings, completes on an annual basis a risk assessment report for the Exhibition Place physical assets.

In order to enhance the Board's current control environment, Exhibition Place staff are proposing in this report the development of a rolling three-year plan. The three-year plan being proposed for 2016, 2017 and 2018, set out below was based on the general inherent risk and dollar (\$) impact to the Board's operating results as shown in the chart below:

	\$	
Gross Event Revenue	28,210,337	62%
Gross Parking revenue	7,421,219	16%
Revenue per Financial statements	<b>45,758,410</b>	
Net Salaries and Benefits	17,357,356	38%
Expense per Financial statements	<b>46,162,729</b>	

Exhibition Place staff has met with the Internal Audit Division of the City Manager's Office who are willing to independently perform the audits proposed below:

<b>Internal Operations Review 2016, 2017 &amp; 2018</b>			
	<b>Audit</b>	<b>Auditor</b>	<b>Details</b>
2016	Parking Operations	Price Waterhouse Coopers LLP with participation of City AGO	Assess the adequacy and effectiveness of internal controls over cash handling and revenue collection process and procedures
2017	Revenue/receivables process	City Manager's Office, Internal Audit	Assess the adequacy and effectiveness of internal controls over revenue, billings, collection process and procedures

2018	Payroll, Benefits and related process and procedures	City Manager's Office, Internal Audit	Assess the adequacy and effectiveness of internal controls over payroll and benefits, reporting, processes and procedures
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