



Office of the Auditor General

**Audit of Meridian Theatres @ Centrepointe and
Shenkman Arts Centre**

**Tabled at Audit Committee
November 24, 2020**

Table of Contents

Executive summary	1
Purpose.....	1
Background and rationale	1
Findings	2
Conclusion	4
Recommendations and responses.....	4
Detailed audit report.....	10
Introduction	10
Background and context	10
Audit objectives and criteria	14
Scope.....	17
Audit approach and methodology.....	17
Audit observations and recommendations	17

Acknowledgements

The team responsible for this audit, comprised of Sarah Parr from the Office of the Auditor General (OAG) and Raymond Chabot Grant Thornton (RCGT), under the supervision of Ed Miner, Deputy Auditor General and the direction of Ken Hughes, Auditor General, would like to thank those individuals who contributed to this project, and particularly, those who provided insights and comments as part of this audit.

Original signed by:

Auditor General

Executive summary

Purpose

The Audit of Meridian Theatres @ CentrepoinTE (MTAC) and Shenkman Arts Centre (Shenkman) examined whether each facility's finances, human resources and operations are effectively managed and whether they deliver arts programming that is aligned with their mandates and City cultural plans and priorities.

Background and rationale

The City of Ottawa operates two theatre facilities: Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre. Both are part of the City's Recreation, Cultural and Facility Services (RCFS) Department. This audit was to provide assurance that governance and oversight mechanisms were established and functioning, theatre assets were safeguarded and that both facilities were appropriately staffed and managed effectively.

Meridian Theatres @ CentrepoinTE

Meridian Theatres @ CentrepoinTE (formerly "CentrepoinTE Theatre" and "CentrepoinTE Theatres") is a municipally owned and operated facility at Ben Franklin Place in Nepean. It includes a 954-seat Mainstage and a Studio Theatre seating between 199 – 234 commemoratively named "Les Lye Studio Theatre" in 2019.

The theatre currently operates under the following mandate, established by the former City of Nepean in 1987:

- Enhance public awareness of the performing arts through innovative and stimulating programming;
- Encourage community involvement and participation by utilizing volunteers, seeking private and corporate sponsorship and offering education programs;
- Enlighten and entertain the community through the sponsorship and presentation of professional artists and attractions;
- Provide space for rental and use by local artists and performing groups, both amateur and professional, non-profit charitable societies, entrepreneurs and commercial organizations based in Nepean and entrepreneurs and commercial organizations in general;

- Encourage and develop artistic talent in the City of Nepean and to provide exposure for that talent by providing space at a subsidized rate to local arts organizations;
- Encourage the use of the facility by non-profit and charitable organizations for the benefit of the community; and
- Encourage commercial use of the facility to help subsidize the rental of the theatre by local arts organizations and charitable groups.

The City of Ottawa assumed ownership of the theatre as a result of amalgamation in 2001.

Shenkman Arts Centre

A public-private partnership (P3) strategy for an arts facility in Ottawa's east-end was approved by Council in 2005. Following the search for a private sector partner, Orleans Town Centre Partnership (OTCP)¹ was selected and the City entered into an agreement with OTCP in 2007. OTCP is responsible for the design, construction, maintenance, and ownership of the Shenkman Arts Centre.

The Shenkman Arts Centre opened in Orleans in 2009 and is home to five resident arts partners and a resident dance company. The Centre has a performing arts hall (500-seat Harold Shenkman Hall), a studio theatre (162-seat Richcraft Theatre), a municipal art gallery and purpose-built studios for dance, music, pottery, theatre and visual arts. The Centre's strategic plan includes the vision: "By 2020, Shenkman Arts Centre will be a place where the combined efforts of a growing number of partners will enrich the cultural and artistic experiences of a broader spectrum of Orleans and the city at large."

Findings

The audit focused on the eight areas identified below. The key findings associated with each area are as follows.

- **Governance and Oversight:** MTAC's mandate has remained unchanged since it was defined by the former City of Nepean in 1987 and it has no strategic plan. We found that the financial performance of MTAC and Shenkman is monitored on a regular basis. Despite this, MTAC has experienced significant budget overruns in 2016, 2017, 2018 and 2019. Operational performance of MTAC and Shenkman is

¹ OTCP is led by Forum Leasehold Partners Inc., Aecon Buildings, Lalande + Doyle Architects, and Brookfield Global Integrated Solutions (BGIS, formerly Johnson Controls / BJC).

not reported on a regular basis and there are no performance targets for either theatre.

- **Safeguarding of Theatre Assets:** We found that neither MTAC nor Shenkman had implemented all the recommendations from cash compliance reviews conducted in 2018 and 2019. We found that MTAC and Shenkman's fixed assets are properly maintained, controlled and monitored to prevent damage, loss and/or theft, however staff have a limited understanding of the applicable policy requirements concerning tangible capital assets and the disposal of capital assets.
- **Human Resources:** We found that MTAC and Shenkman face challenges in retaining part-time staff and recruiting staff with required technical skillsets. We also noted that formal succession plans have not been established for key positions at either facility.
- **Settlements:** Financial settlements are prepared for performers as set out in their respective contracts. We reviewed a sample of 24 settlements processed by MTAC and Shenkman. We identified discrepancies between contracts and settlements, incorrect applications of rates, unexplained and potentially unauthorized waivers of fees and payments exceeding delegated authorities. We also noted that the rates that the theatres are charging for certain unionized resources do not allow the City to recover their full costs.
- **Agreements:** We reviewed a sample of 23 performers' contracts signed by MTAC and Shenkman staff. Seven contracts from MTAC were not signed in compliance with delegated authorities. In addition, although agreement templates are generally reviewed by the City's Legal Department on an annual basis, contracts for some shows do not undergo this review.
- **Public-Private Partnership (P3):** Property management services at Shenkman Arts Centre are provided by Brookfield Global Integrated Solutions, under the Arts Centre Property Management Agreement. We found that most of the agreement's requirements are being met, however other requirements, particularly those related to reporting, are not.
- **Programming:** We found that MTAC and Shenkman have begun documenting a framework to guide programming decision-making, however it remains in draft form. Neither facility is conducting outreach activities such as patron surveys and their use of analytics to identify local interests and preferences is limited.
- **Marketing, Communications and Sponsorship:** We found that roles and responsibilities of Marketing and Communications Unit (MCU) staff, Sponsorship

and Advertising Branch staff and theatre staff were not consistently understood and agreed upon. We reviewed the City's sponsorship agreement with Meridian Credit Union and found that the City was yet to fulfill all of its obligations under this agreement.

Conclusion

Overall, we found that staff at MTAC and Shenkman were committed to the theatres. However, changes to their strategic and operational activities are required to allow each theatre to reach its full potential. MTAC's mandate needs to be updated to guide decisions related to its finances and its programming. The establishment of performance objectives for both theatres would enable staff and volunteers to focus their efforts and management to monitor their progress. Furthermore, action should be taken to enhance controls over cash and other assets and improve the effectiveness of the theatres' operational processes.

Recommendations and responses

Recommendation #1

That the City:

- Update MTAC's mandate to align with City cultural plans and policies and RCFS objectives;
- Develop and approve a strategic plan for MTAC, including strategic objectives; and
- Prepare MTAC Strategic Plan Annual Reports that include information on achievement of strategic objectives and planned activities related to strategic objectives.

Management response:

Management agrees with this recommendation.

RCFS will develop a strategic plan for MTAC, to include a renewed mandate and strategic objectives by Q4 2022. Following the development of the strategic plan, MTAC will prepare a Strategic Plan Annual Report that will include information on achievement of the strategic objectives and planned activities relating to those objectives by Q1 2024.

Recommendation #2

That the City establish performance objectives for MTAC and Shenkman which are monitored and reported on to City management.

Management response:

Management agrees with this recommendation.

Theatre staff and RCFS Business Support Services (BSS) staff will develop performance objectives for MTAC and Shenkman by Q2 2023. Once developed the performance objectives will be approved by the Director, Community Recreation and Cultural Programs. The performance objectives will be monitored and reported to the RCFS General Manager and Director, Community Recreation and Cultural Programs on an annual basis.

Recommendation #3

That the City ensure that MTAC deposits are prepared in a secure environment with restricted access.

Management response:

Management agrees with this recommendation.

Theatre and Facility Services staff have created a secure counting room with limited access as recommended in the 2019 cash handling compliance report. Work was completed in Q3 2020. The room is ready for use when the theatres resume full operation.

Recommendation #4

That the City ensure that MTAC and Shenkman implement the recommendations identified in the cash compliance reviews conducted in June 2018 and February 2019 respectively.

Management response:

Management agrees with this recommendation, and it has been implemented.

Recommendation #5

That the City follow its processes for the disposal of capital assets, including the management of tangible capital assets, at MTAC and Shenkman.

Management response:

Management agrees with this recommendation.

The Portfolio Managers for MTAC and Shenkman will work with Supply Management and Financial Services to ensure that corporate processes for disposing of capital assets, including managing Tangible Capital Assets are followed, by Q4 2020.

Recommendation #6

That the City:

- Identify the MTAC and Shenkman roles for which succession plans are required;
- Identify and assess potential successors for these roles; and
- Identify and implement development activities as required.

Management response:

Management agrees with this recommendation.

The Program Manager, Cultural and Heritage Programs and Spaces, will work with the Portfolio Managers at MTAC and Shenkman to identify succession requirements, to identify skill sets required for succession, and to identify roles that may require external recruitment due to specific and technical skill sets required, by Q4 2021. The MTAC and Shenkman Portfolio Managers will continue to identify developmental activities and implement them as part of ongoing and annual performance development discussions.

Recommendation #7

That the City ensure that:

- The settlement process (e.g. required steps, approvals etc.) is documented and available to staff preparing and reviewing settlements; and
- A sample of completed settlements are periodically reviewed by a Program Analyst or Portfolio Manager not involved in the settlement to ensure that discrepancies, errors and instances of non-compliance with City policies are identified.

Management response:

Management agrees with this recommendation.

Theatre staff and RCFS BSS staff will document and refine, where required, the existing settlement process. Formal direction will be provided to all staff who are preparing and reviewing settlements, to use this process by the end of Q1 2021. Beginning in Q2 2021, a sample of the settlements will be reviewed by the Theatre Program Analyst or the Portfolio Manager at the theatre not owning the settlement on a bi-annual basis in Q2 and Q4. These reviews will identify discrepancies, errors, and instances of non-compliance with policy.

Recommendation #8

That the City ensure that agreements with performers are signed in accordance with delegated authorities.

Management response:

Management agrees with this recommendation, and it has been implemented.

Recommendation #9

That the City have a sample of agreements for “presents” shows periodically reviewed by Legal Services and that guidance for Portfolio Managers related to these agreements is updated accordingly.

Management response:

Management agrees with this recommendation.

The Portfolio Managers at MTAC and Shenkman will send a sample of artist agreements for shows presented by the City for review by Legal Services in Q4 2020, and then annually in Q3 starting in 2021. Theatre staff will also continue to work with Legal Services on an as needed basis during the year to clarify new provisions that may arise as part of negotiations with artists. Legal Services will provide guidance to the Portfolio Managers and the Program Manager, Cultural and Heritage Programs and Services, so that the agreements are updated as necessary.

Recommendation #10

That the City:

- Meet with the sublandlord (OTCP Arts Centre Limited Partnership) and the property manager (BGIS) on at least an annual basis; and
- Receive, retain and review all mandatory reporting and take action as applicable.

Management response:

Management agrees with this recommendation.

The City meets regularly with BGIS and will extend the invitation to meet with OTCP Arts Centre Limited Partnership on an annual basis beginning in Q1 2021. The RCFS BSS will support Shenkman to ensure that all reporting is received, retained and reviewed in accordance with the P3 agreement.

Recommendation #11

That the City:

- Fully implement the decision-making process for the “presents” series and assess proposed programming against its requirements; and
- Undertake research activities to better understand the interests of theatre patrons and the public at large, including surveys and demographic analysis.

Management response:

Management agrees with this recommendation.

The Portfolio Managers at MTAC and Shenkman will fully implement the decision-making process for the shows that the City presents by Q1 2021 and document the assessment of proposed programming against its requirements.

The RCFS Marketing and Communications Unit (MCU) and BSS unit will perform audience research that will include surveys and demographic analysis of the interests of theatre patrons and the public at large and, provide relevant data to the MTAC and Shenkman Portfolio Managers on an annual basis beginning in Q4 2021.

Recommendation #12

That the City clarify and document roles and responsibilities for marketing, communications and sponsorship activities related to MTAC and Shenkman.

Management response:

Management agrees with this recommendation.

The Program Manager, Marketing and Communications Unit and the Partnership Manager, Corporate Advertising, Sponsorship, and Donations, in collaboration with the Program Manager, Cultural and Heritage Programs and Spaces, will clarify and document the roles and responsibilities as they relate to marketing, communications, and sponsorship activities for MTAC and Shenkman by Q3 2021.

Recommendation #13

That the City continue to work with Meridian Credit Union to implement the requirements of the sponsorship agreement between the City and Meridian.

Management response:

Management agrees with this recommendation.

The Sponsorship and Advertising branch continues to work with Meridian Credit Union through a documented Naming Rights and Ancillary Benefits summary. Each contractual obligation and benefit are reviewed annually and repurposed when the asset cannot be executed in exchange for equal value of the benefit outlined in the agreement.

Recommendation #14

That the City:

- Conduct a benchmarking exercise to determine how much other similar theatres in other municipalities spend on marketing and communications activities; and
- Document rationale for maintaining the current level of funding or modifying the level of funding based on the results of the benchmarking exercise and other relevant factors.

Management response:

Management agrees with this recommendation.

The Marketing and Communications Unit will undertake a benchmarking exercise to identify the marketing and communication activities of other municipal theatres. The results of this research will provide rationale for either maintaining current levels of funding or modifying them. This research will be done by Q4 2021.

Detailed audit report

Introduction

The Audit of Meridian Theatres @ CentrepoinTE and the Audit of Shenkman Arts Centre were included in the 2019 Audit Plan of the Office of the Auditor General, approved by Council on April 24, 2019. Given the number of processes shared by both facilities, the audits were conducted simultaneously and one audit report was prepared.

Background and context

The City of Ottawa operates two theatre facilities: Meridian Theatres @ CentrepoinTE (MTAC) and Shenkman Arts Centre (Shenkman). As of the time of our audit, which was completed in January 2020, both were part of the City’s Recreation, Cultural and Facility Services (RCFS) Department (Figure 1).

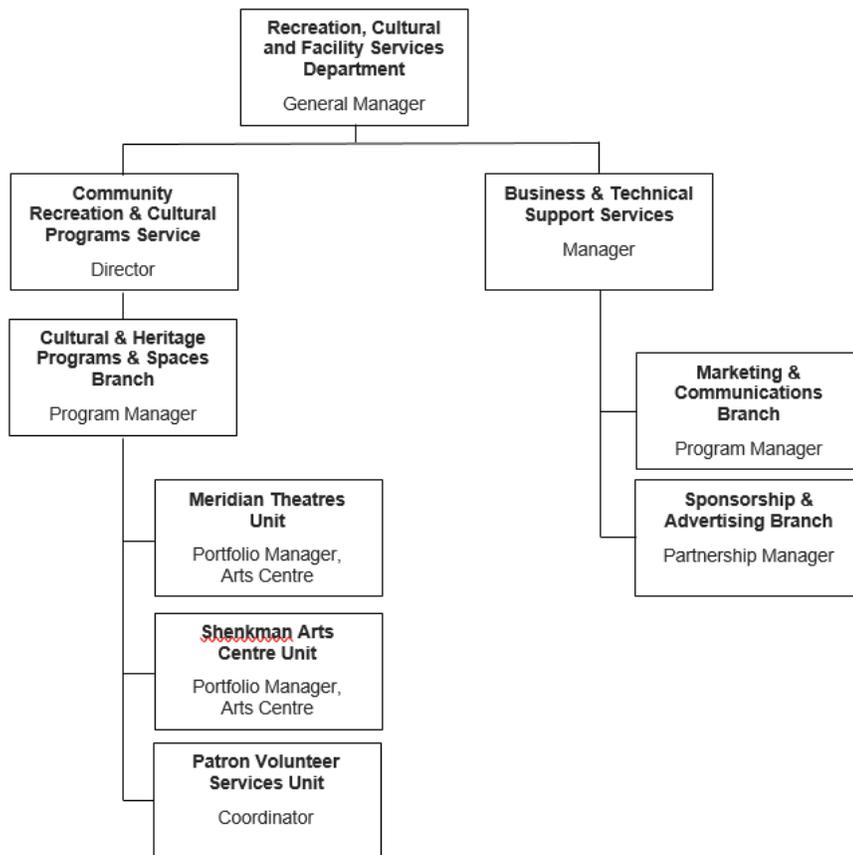


Figure 1: Theatre staff within the Recreation, Cultural and Facility Services Department

Meridian Theatres @ CentrepoinTE

Meridian Theatres @ CentrepoinTE (formerly “CentrepoinTE Theatre” and “CentrepoinTE Theatres”) is a municipally owned and operated facility at Ben Franklin Place in Nepean. It includes a 954-seat mainstage and a studio theatre (between 199 and 234 seats) that was added as part of an expansion project in 2010 and commemoratively named the “Les Lye Studio Theatre” in 2019.

The theatre currently operates under the following mandate, established by the former City of Nepean in 1987:

- Enhance public awareness of the performing arts through innovative and stimulating programming;
- Encourage community involvement and participation by utilizing volunteers, seeking private and corporate sponsorship and offering education programs;
- Enlighten and entertain the community through the sponsorship and presentation of professional artists and attractions;
- Provide space for rental and use by local artists and performing groups, both amateur and professional, non-profit charitable societies, entrepreneurs and commercial organizations based in Nepean and entrepreneurs and commercial organizations in general;
- Encourage and develop artistic talent in the City of Nepean and to provide exposure for that talent by providing space at a subsidized rate to local arts organizations;
- Encourage the use of the facility by non-profit and charitable organizations for the benefit of the community; and
- Encourage commercial use of the facility to help subsidize the rental of the theatre by local arts organizations and charitable groups.

The former City of Nepean also approved an annual operating deficit of \$225K plus the rate of inflation indexed annually. The City of Ottawa assumed ownership of the theatre upon amalgamation in 2001.

During the 2004 budget process, Council directed staff to “explore potential business models that would allow the theatre to be ‘divested’ and run by an independent community board as a separate entity, such that the optimum balance can be achieved between access to funding from senior governments and corporations, artistic independence and providing community benefit through the theatre facility.”

A competitive service delivery review was undertaken and tabled at Council in October 2005. It requested Council’s direction as to the theatre’s mandate (public or commercial) and next steps (i.e. continue to evaluate divestiture options or maintain the existing operating structure). At that meeting, Council approved efficiencies, revenue generation strategies and service reductions in order to decrease the theatre’s annual deficit from \$326K to \$196K and it directed staff to maintain the current operating structure based on the approved mandate, while continuing to explore a community-board concept of governance. Funds were added to MTAC’s base budget in 2011 and 2012 on account of the expansion of the facility. By 2019, the theatre had a budgeted deficit² of \$464K (budgeted expenditures of \$1,820K and budgeted revenues of \$1,356K), with an actual deficit of \$602K (actual expenditures of \$1,786K and actual revenues of \$1,184K)³. Significant variances between budgeted and actual deficits were observed in 2016, 2017, 2018 and 2019 (Figure 2).

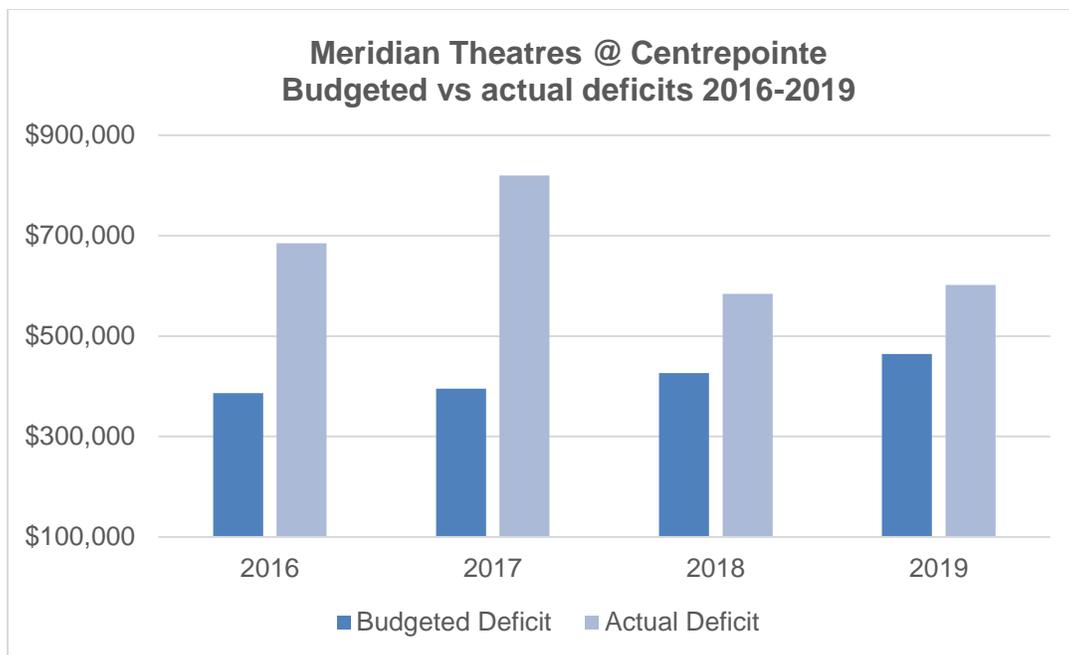


Figure 2: Meridian Theatres @ CentrepoinTE budgeted versus actual deficits from 2016 to 2019

² Budgeted deficit is sometimes referred to as Budgeted Net Operating Cost or Tax Supported Budget.

³ Actual deficit figures for 2018 and 2019 restated as approximately \$207K in admissions revenue for 2018 was incorrectly recorded in 2019.

Shenkman Arts Centre

A public-private partnership (P3) strategy for an arts facility in Ottawa's east-end was approved by Council in June 2005. Following the search for a private sector partner, Orleans Town Centre Partnership (OTCP)⁴ was selected and an agreement between the City and OTCP was entered into in April 2007. The OTCP is responsible for the design, construction, maintenance, and ownership of Shenkman Arts Centre.

As part of the agreement, the City entered into a 30-year lease agreement with OTCP and provided a loan guarantee to finance construction. OTCP must repay the loan over 30 years. Funding for lifecycle renewal work is paid for by the City. The Property Manager, Brookfield Global Integrated Solutions (BGIS), is responsible for planning and executing the annual lifecycle renewal work plan, subject to approval by the City and completion of an annual building condition audit which is prepared at BGIS's expense. At the end of the 30-year term, ownership of the building reverts to the City, subject to a due diligence inspection and transfer of all documents and standing maintenance agreements.

Shenkman Arts Centre opened in Orleans in 2009 and it is home to a resident company, Tara Luz Danse, and five resident arts partners:

- Arts Network Ottawa;
- Gloucester Pottery School;
- Mouvement d'implication francophone d'Orléans;
- Ottawa School of Art - Orléans Campus; and
- Ottawa School of Theatre.

Shenkman houses a performing arts hall (500-seat Harold Shenkman Hall), a studio theatre (162-seat Richcraft Theatre) as well as a municipal art gallery and purpose-built studios for dance, music, pottery, theatre and visual arts.

After five years in operation, a strategic plan for Shenkman Arts Centre was developed for 2015-2020. The plan includes the vision "By 2020, Shenkman Arts Centre will be a place where the combined efforts of a growing number of partners will enrich the cultural and artistic experiences of a broader spectrum of Orleans and the city at large"

⁴ OTCP is led by Forum Leasehold Partners Inc., Aecon Buildings, Lalande + Doyle Architects, and Brookfield Global Integrated Solutions (BGIS, formerly Johnson Controls / BJC)

as well as six goals. Progress against the plan's goals is detailed in an annual report that is published on Shenkman's website.

Patron and Volunteer Services

The Patron and Volunteer Services (PAVS) Unit supports both MTAC and Shenkman. The Coordinator, PAVS is responsible for planning, implementing and evaluating all box office, bar and merchandise sales. In addition, the Coordinator develops and oversees training programs for approximately 300 volunteers, who are organized by facility into three crews:

- House Crew – ushers, ticket takers and greeters;
- Stage Crew – lighting, sound and staging technicians for non-profit shows; and
- Hospitality Crew – provides hospitality to visiting artists and crews.

Marketing, Communications and Sponsorship

Before changes to the City's organizational structure were made in 2016, marketing and communications activities were performed by staff at each theatre. Following the reorganization, the RCFS Marketing and Communications Unit (MCU) became responsible for marketing and communications services for the department (excluding museums). The corporate Sponsorship and Advertising Branch, which is responsible for establishing and maintaining the City's corporate donation and sponsorship agreements, also resides within RCFS.

International Alliance of Theatrical Stage Employees (IATSE)

IATSE is the union representing stage employees engaged in theatrical presentation and production, event preparation, set-up and teardown as well as wardrobe at both MTAC and Shenkman. All commercial acts requiring additional staff (beyond their own regular touring complement) are obligated to hire union members. As per the collective agreement, the City hires these resources for each show through IATSE's hiring hall.

Audit objectives and criteria

The overall objective of this audit was to assess whether Meridian Theatres @ Centrepointe and Shenkman Arts Centre's finances, human resources and operations were effectively managed, and whether they delivered arts programming that was aligned with their mandates and City cultural plans and priorities. This overall objective was comprised of the following four audit objectives.

Audit objective #1

Assess whether governance and oversight mechanisms are established and whether they provide the City with timely and relevant information.

Criteria:

- Roles and responsibilities for governance and oversight of Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre, including responsibilities for establishing mandate and strategic objectives are defined;
- Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre have established, approved and implemented plans that are aligned with their mandates;
- Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre's financial and operational performance are regularly monitored against desired outcomes and issues are identified in a timely manner; and
- Financial and operational reports on Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre are provided to City management and Council on a regular basis.

Audit objective #2

Assess the design effectiveness and operating effectiveness of controls intended to safeguard cash and other theatre assets.

Criteria:

- Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre have designed and are operating internal controls for the safeguarding of cash that are aligned with the City's cash handling policy and procedures;
- Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre's fixed assets are properly maintained, controlled, and monitored to prevent damage, loss, or theft; and
- Patrons' personal information is protected from unauthorized access, use or disclosure.

Audit objective #3

Assess the appropriateness of each theatre's human resources.

Criteria:

- Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre have the appropriate amount of human resources with the necessary skills and knowledge to fulfil their roles and responsibilities; and
- Succession plans are in place for key roles at Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre.

Audit objective #4

Assess whether the operations of each theatre are managed effectively.

Criteria:

- Settlements with performers and partners are accurate and completed in accordance with the terms and conditions of agreements;
- Agreements with third parties e.g. artists, performers are consistent and comply with delegated authorities, insurance requirements, and City by-laws and policies;
- Staff are ensuring that the P3 partner(s) at Shenkman Arts Centre are fully adhering to terms set out in the P3 property agreement;
- Programming at Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre is aligned with each theatre's mandate as well as the interests and preferences of theatre patrons and the public at large;
- Roles, responsibilities and accountabilities for marketing, communications and sponsorship activities supporting Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre are defined; and
- Marketing, communications and sponsorship activities performed for Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre are aligned with their strategic and operational objectives and are cost effective.

Scope

The scope of the audit included the governance and operational activities of Meridian Theatres @ CentrepoinTE and Shenkman Arts Centre. The period in scope was from 2016 to date.

The scope of the audit excluded the following:

- Anticipate endowment fund;
- Art gallery, studios and instructional programming at Shenkman Arts Centre; and
- procedures related to the rental of administration spaces (meeting, office and storage rooms), galleries and instructional spaces at both facilities as these are not specific to theatre operations.

Audit approach and methodology

The audit was designed and conducted in accordance with the requirements of the City's Audit Standards to ensure that sufficient and appropriate audit procedures were conducted, and evidence gathered to provide reasonable assurance of the accuracy of audit findings and conclusions, as they existed at the time of the audit.

The audit methodology included the following activities:

- Interviews and walkthroughs with staff at both facilities and other related City departments (e.g. Financial Services Unit, Marketing and Communications Unit);
- Review of relevant documentation and information (e.g. agreements, budgets, performance reporting, settlements, strategic plans, etc.); and
- Re-performance and/or testing of controls.

The audit plan was finalized in December 2019, and the audit fieldwork was substantially completed by January 31, 2020.

Audit observations and recommendations

Audit objective #1

We expected governance and oversight processes would be in place. These include the articulation of roles and responsibilities for developing MTAC and Shenkman's mandates and strategic objectives. Each facility should have established and implemented strategic plans. We also expected MTAC and Shenkman would conduct monitoring activities to assess their financial and operational performance and to

provide corresponding reporting to City management, Committee and Council on a regular basis.

Governance and oversight

We found that MTAC currently operates under the mandate that was approved by the former City of Nepean in 1987. Its financial direction not to exceed an annual operating deficit of \$225K plus the rate of inflation indexed annually was also established and approved by the former City. Direction regarding its mandate was last confirmed by Council in late 2005 when a competitive service delivery review (CSDR) was performed. A review of the theatre's mandate has therefore not been performed in 15 years. At the same 2005 Council meeting, a motion was passed for MTAC to implement efficiencies, revenue generation strategies and service reductions in order to decrease the theatre's annual deficit from \$326K to \$196K (equivalent to \$249K in 2019 dollars⁵), starting in 2007. Based on our discussion with theatre staff, no further direction has been provided regarding the theatre's annual deficit. Given that it has been 15 years, MTAC's mandate may no longer reflect its operating environment and its financial results may not be aligned with Committee and Council's expectations. Furthermore, a strategic plan and strategic objectives have not been developed for MTAC. This is consistent with opportunities to improve the RCFS strategic plan that we noted in our Audit of Recreation, Cultural and Facility Services Department - Management Practices, tabled in April 2019. In the absence of a strategic plan and strategic objectives, it is not clear how MTAC identifies its priorities and allocates its resources to these areas.

Conversely, a strategic plan was approved for Shenkman in 2015 based on public consultation via an online questionnaire and group working sessions. These sessions involved the Centre's staff, its five resident arts partners, rental clients, volunteers and commercial owners from the area. The plan includes a vision statement, goals and objectives for 2015 to 2020. Progress against the plan's goals is reported through an annual report published to the Centre's website. These are good practices that MTAC would benefit from implementing.

⁵ Per Bank of Canada's Inflation Calculator

Recommendation #1

That the City:

- Update MTAC's mandate to align with City cultural plans and policies and RCFS objectives;
- Develop and approve a strategic plan for MTAC, including strategic objectives; and
- Prepare MTAC Strategic Plan Annual Reports that include information on achievement of strategic objectives and planned activities related to strategic objectives.

Management response:

Management agrees with this recommendation.

RCFS will develop a strategic plan for MTAC, to include a renewed mandate and strategic objectives by Q4 2022. Following the development of the strategic plan, MTAC will prepare a Strategic Plan Annual Report that will include information on achievement of the strategic objectives and planned activities relating to those objectives by Q1 2024.

Monitoring financial and operational performance

Based on our discussion with staff, we noted that MTAC and Shenkman's financial performance against their respective budgets is monitored on an ongoing basis by each theatre's Portfolio Manager and periodically by the Program Manager, Cultural and Heritage Programs. Despite this, MTAC experienced significant budget deficits from 2016 to 2019 (Table 1). Based on our discussion with the Program Manager, Cultural and Heritage Programs, the Director, Community Recreation and Cultural Programs was made aware of MTAC's budget deficits.

Table 1: Budgeted deficits, actual deficits and variance between budgeted and actual deficits for Meridian Theatres @ Centreponte from 2016 to 2019

Year	Budgeted Deficit	Actual Deficit⁶	Variance (\$)	Variance (%)
2016	\$386,237	\$685,017	(\$298,780)	77%
2017	\$395,041	\$820,127	(\$425,086)	108%
2018	\$426,667	\$584,043	(\$157,376)	37%
2019	\$464,245	\$602,153	(\$137,908)	30%
Total	\$1,672,190	\$2,691,340	(\$1,019,150)	61%

Shenkman experienced a budget deficit of \$46K in 2016, followed by three years of budget surpluses from 2017 to 2019. However, Shenkman’s budget is not comparable to MTAC’s due to program facility costs related to the P3 agreement of approximately \$3.2M. Although Facility Operations Service (FOS) is responsible for the program facility budget, this item is included in Shenkman’s budget for reporting purposes.

While MTAC and Shenkman’s operational performance is measured on an ongoing basis, performance reporting is generally produced annually and provided solely to the Program Manager. Furthermore, performance objectives and targets have not been established for either theatre. This is similar to our finding that RCFS had not defined performance measures to enable target setting, as noted in our Audit of Recreation, Cultural and Facility Services Department - Management Practices, tabled in April 2019. The Program Manager noted that although performance targets related to attendance are common in the industry, they are difficult to establish as attendance varies significantly based on the acts each facility brings in. However, without performance objectives and targets in place, it is difficult to evaluate whether the operational outcomes achieved meet desired expectations. Due to the limited distribution and frequency of operational reports, City management, Committee and Council may not be aware of operational issues related to MTAC and Shenkman, potentially reducing the quality of their oversight.

⁶ Budget deficit figures for 2018 and 2019 have been adjusted such that approximately \$207K in admissions revenue earned in 2018 and recorded in 2019 is reflected in the budget deficit for 2018.

Recommendation #2

That the City establish performance objectives for MTAC and Shenkman which are monitored and reported on to City management.

Management response:

Management agrees with this recommendation.

Theatre staff and RCFS Business Support Services (BSS) staff will develop performance objectives for MTAC and Shenkman by Q2 2023. Once developed the performance objectives will be approved by the Director, Community Recreation and Cultural Programs. The performance objectives will be monitored and reported to the RCFS General Manager and Director, Community Recreation and Cultural Programs on an annual basis.

Audit objective #2

We expected that MTAC and Shenkman would have controls in place to safeguard cash and other theatre assets. We expected that the controls to safeguard cash would be aligned with the City's Cash Handling Policy and Cash Handling Procedures. As both facilities manage fixed assets (e.g. theatre equipment), we expected these assets would be maintained, monitored and secured. Since personal information (e.g. credit card numbers) is collected from patrons through ticket sales, we expected this information would be appropriately protected.

Safeguarding of Theatre assets

We found that staff from the City's Finance Services department Policy and Process Review unit performed cash compliance reviews at MTAC in June 2018 and at Shenkman in February 2019. Both reviews resulted in a number of recommendations to improve compliance with the City's cash handling policies and procedures. We also performed cash compliance testing at both facilities in December 2019 and found that some of the recommendations from the cash compliance reviews had not been addressed. One significant recommendation for MTAC that had not been implemented was to ensure deposits are prepared in a secure environment with restricted access⁷.

⁷ Management indicated that construction of this space was completed after our audit testing, in February 2020. They determined that one of the safes to be stored in this area needed to be replaced before the room could be operationalized. This work was suspended because of the closure of the facility (due to COVID-19) and will be rescheduled once normal operations resume.

Recommendation #3

That the City ensure that MTAC deposits are prepared in a secure environment with restricted access.

Management response:

Management agrees with this recommendation.

Theatre and Facility Services staff have created a secure counting room with limited access as recommended in the 2019 cash handling compliance report. Work was completed in Q3 2020. The room is ready for use when the theatres resume full operation.

Recommendation #4

That the City ensure that MTAC and Shenkman implement the recommendations identified in the cash compliance reviews conducted in June 2018 and February 2019 respectively.

Management response:

Management agrees with this recommendation, and it has been implemented.

Capital renewal funds (CRF) were created for MTAC and Shenkman respectively to fund capital requirements through the collection of a ticket surcharge. These funds allow them to procure, maintain and replace theatre equipment. We found that both facilities have developed equipment inventories, established maintenance plans and perform equipment inspections on a regular basis to identify equipment in need of repair. We observed that physical security measures such as restricted access to backstage areas and the use of additional keys and padlocks are used to protect equipment from theft. Staff are aware of the protocols to be followed should a theft occur. These are good practices that should be maintained.

However, staff have a limited understanding of City policies and procedures regarding the disposal of capital assets and the management of tangible capital assets (TCAs). As a result, there is a risk that the City may not have identified and capitalized all TCAs held by the MTAC and Shenkman and that these TCAs may remain on the City's financial statements after their disposal. Furthermore, the City may not be obtaining full value for each facility's capital assets (including but not limited to TCAs) through disposal.

Recommendation #5

That the City follow its processes for the disposal of capital assets, including the management of tangible capital assets, at MTAC and Shenkman.

Management response:

Management agrees with this recommendation.

The Portfolio Managers for MTAC and Shenkman will work with Supply Management and Financial Services to ensure that corporate processes for disposing of capital assets, including managing Tangible Capital Assets are followed, by Q4 2020.

Audit objective #3

We expected each theatre would be staffed with appropriate human resources who are equipped to fulfill their roles and responsibilities. We also expected that MTAC and Shenkman would establish succession plans for key positions.

Human Resources

As of November 2019, each theatre⁸ had ten full-time positions, seven part-time positions and four casual positions. In addition, one Coordinator, Patron and Volunteer Services assists both facilities by developing and overseeing training programs for volunteers. Actual compensation, benefits and overtime spending for 2019 was approximately \$1.3M at MTAC and \$1.4M⁹ at Shenkman.

Based on our discussion with the Portfolio Managers, many of the positions at MTAC and Shenkman require specialized knowledge, skills and abilities. Although part-time and casual positions and the availability of volunteers provide greater flexibility and the opportunity to control costs, it can be challenging for them to develop and maintain the skills required to fulfill their roles. The Portfolio Managers also said that they have difficulty retaining part-time staff, particularly in customer service positions.

MTAC and Shenkman both rely on volunteers to provide customer service, hospitality and production support at no cost to the City. In 2019, 304 volunteers contributed over

⁸ Excludes Community Galleries and Instructional Arts positions at Shenkman Arts Centre, which are not related to theatre activities

⁹ Excludes compensation, benefits and overtime for Community Galleries and Instructional Arts positions at Shenkman Arts Centre, which are not related to theatre activities

22,000 hours of their time, roughly \$600K¹⁰ worth of services. Management noted that the volunteer base is aging and that refreshing it in the coming years will be critical.

Although a potential successor is being developed for the role of Portfolio Manager at Shenkman, we found that formal succession plans have not been established for key positions at either theatre. For example, both Portfolio Managers have been in their roles for approximately ten years. In addition to their administrative duties, Portfolio Managers are solely responsible for the development of theatre programming. Without the identification and development of potential successors for these roles, there is a risk that the incumbents' expertise, particularly as it relates to theatre programming, may be lost.

Recommendation #6

That the City:

- Identify the MTAC and Shenkman roles for which succession plans are required;
- Identify and assess potential successors for these roles; and
- Identify and implement development activities as required.

Management response:

Management agrees with this recommendation.

The Program Manager, Cultural and Heritage Programs and Spaces, will work with the Portfolio Managers at MTAC and Shenkman to identify succession requirements, to identify skill sets required for succession, and to identify roles that may require external recruitment due to specific and technical skill sets required, by Q4 2021. The MTAC and Shenkman Portfolio Managers will continue to identify developmental activities and implement them as part of ongoing and annual performance development discussions.

Audit objective #4

Settlements

Each theatre season includes both "presents" shows and rental shows. For "presents" shows, the City coordinates with and pays an artist or commercial organization to present a show and the City bears the financial risk of running the show. For rental shows, an artist or organization (commercial or non-profit) pays to rent theatre space

¹⁰ Based on a rate of \$27 per hour, which represents the average hourly wage in the core non-profit sector in 2017 (Conference Board of Canada, "The Value of Volunteering in Canada").

and associated resources (e.g. equipment, personnel etc.). In this case, the artist or organization bears the financial risk of running the show.

For both “presents” and rental shows, MTAC and Shenkman staff estimate the costs of running the show in advance and include these estimates in an agreement that is signed by the artist or organization and a City representative. As the actual revenues and costs for a given show are not known until after the show has occurred, MTAC and Shenkman prepare settlements to calculate the amounts owed by or owing to the City. These amounts are then collected or disbursed by the Financial Services Unit. We expected that the settlements prepared by MTAC and Shenkman would be accurate and consistent with their agreements with the third parties.

The rates that MTAC and Shenkman charge for theatre rental, box office and capital renewal and changes to these rates are approved by Council on an annual basis. Staff use spreadsheets to apply these and other rates to shows and prepare settlements. We observed that controls over these spreadsheets could be improved as the cells containing rates are not protected and manual entries can be made in the settlement worksheets. As a result, amounts owed by or owing to the City may contain errors. We reviewed 24 settlements processed by MTAC and Shenkman, for both “presents” and rental shows and found the following issues:

- Differences between the deposit required according to the agreement and the deposit paid according to the settlement;
- Incorrect application of rates;
- Payments exceeding the signatory’s delegated authorities; and
- Unauthorized and unexplained waivers of fees.

Many of the errors observed could be attributed to human error, lack of review by individuals not involved in the settlement and manual data entry, although some may also be due to lack of awareness or disregard of City policies. Inaccurate settlements may result in potential financial losses for the City and the perception of unfair treatment of theatre clients.

Recommendation #7

That the City ensure that:

- The settlement process (e.g. required steps, approvals etc.) is documented and available to staff preparing and reviewing settlements; and
- A sample of completed settlements are periodically reviewed by a Program Analyst or Portfolio Manager not involved in the settlement to ensure that discrepancies, errors and instances of non-compliance with City policies are identified.

Management response:

Management agrees with this recommendation.

Theatre staff and RCFS BSS staff will document and refine, where required, the existing settlement process. Formal direction will be provided to all staff who are preparing and reviewing settlements, to use this process by the end of Q1 2021. Beginning in Q2 2021, a sample of the settlements will be reviewed by the Theatre Program Analyst or the Portfolio Manager at the theatre not owning the settlement on a bi-annual basis in Q2 and Q4. These reviews will identify discrepancies, errors, and instances of non-compliance with policy.

Both the Financial Services Unit and theatre staff told us that the rates MTAC and Shenkman are charging their clients for the use of IATSE resources do not allow the City to recover the full cost of these resources. Based on our understanding, in order to cover benefits (e.g. medical, vacation) over and above hourly rates of pay, the IATSE rates charged should be approximately 20% higher than the rates currently in use. Management indicated that the industry standard is to charge clients only the hourly rates of pay and not to pass on benefit costs to rental clients. We were informed that charging the full cost would be a financial burden to rental clients and could make MTAC and Shenkman uncompetitive. However, not recovering the full cost of these resources impacts the theatres' financial health and sustainability.

Agreements

We expected that agreements with performers would be compliant with City policies and requirements such as delegated authorities. We reviewed 23 agreements for "presents" and rental shows: 13 for MTAC and 10 for Shenkman. We found that 7 of the MTAC agreements (54 percent) were not signed in compliance with delegated authorities. Conversely, all agreements reviewed for Shenkman were signed by the appropriate

authority. Of note, three of the MTAC agreements that were not signed in compliance with delegated authorities were for “presents” shows. These agreements are of greater concern as the City bears the show’s financial risk. If the appropriate authority is not asked to sign these agreements, they may not be aware of the financial risks being undertaken.

Recommendation #8

That the City ensure that agreements with performers are signed in accordance with delegated authorities.

Management response:

Management agrees with this recommendation, and it has been implemented.

For some rental shows, the City’s insurance is waived and it relies on the performers to provide it. We reviewed a sample of files and confirmed that insurance certificates are collected and retained at both MTAC and Shenkman. For “presents” shows, the artist is contractually required to maintain their own insurance.

We found that agreements are generally reviewed by Legal Services on an annual basis. However, agreements for “presents” shows are drafted by the artist’s agency and modified by the Portfolio Managers as necessary, based on a high-level checklist. Staff explained that these agreements are not reviewed by Legal Services due to the lack of time. As these agreements can be very detailed, the modifications required are sometimes extensive. As the Portfolio Managers are not legal experts, a necessary addition or change to the agreement may be missed, potentially exposing the City to legal and regulatory compliance risk.

Recommendation #9

That the City have a sample of agreements for “presents” shows periodically reviewed by Legal Services and that guidance for Portfolio Managers related to these agreements is updated accordingly.

Management response:

Management agrees with this recommendation.

The Portfolio Managers at MTAC and Shenkman will send a sample of artist agreements for shows presented by the City for review by Legal Services in Q4 2020, and then annually in Q3 starting in 2021. Theatre staff will also continue to work with Legal Services on an as needed basis during the year to clarify new provisions that may

arise as part of negotiations with artists. Legal Services will provide guidance to the Portfolio Managers and the Program Manager, Cultural and Heritage Programs and Services, so that the agreements are updated as necessary.

Public-Private Partnership (P3)

We expected that City staff would be ensuring that the City's P3 partner for Shenkman was fulfilling the requirements of the property management agreement. An Arts Centre Property Management Agreement between OTCP Arts Centre Limited Partnership, Johnson Controls Limited Partnership (now Brookfield Global Integrated Solutions or BGIS) and the City of Ottawa was established in April 2007 in order to provide property management services for Shenkman Arts Centre. The agreement creates obligations for OTCP Arts Centre Limited Partnership and BGIS related to communication, service standards, financial reports and records, operating budgets and expenditures and lifecycle renewal budgets and plans.

We found that staff are ensuring that some requirements of the agreement are being met. For example, staff at Shenkman meet with a BGIS representative at least monthly to identify property management issues and requirements for upcoming events. However, OTCP Arts Centre Limited Partnership, BGIS and the City are required to meet at least annually, which staff indicated is not occurring. Staff were also unable to provide us with copies of the mandatory reports BGIS is required to send the City. Given this, there is a risk that BGIS may not be completing all of the activities required under the agreement to the standards set out in the agreement, potentially resulting in degradation of the property.

Recommendation #10

That the City:

- Meet with the sublandlord (OTCP Arts Centre Limited Partnership) and the property manager (BGIS) on at least an annual basis; and
- Receive, retain and review all mandatory reporting and take action as applicable.

Management response:

Management agrees with this recommendation.

The City meets regularly with BGIS and will extend the invitation to meet with OTCP Arts Centre Limited Partnership on an annual basis beginning in Q1 2021. The RCFS BSS will support Shenkman to ensure that all reporting is received, retained and reviewed in accordance with the P3 agreement.

Programming

In terms of theatre programming, we expected it would be consistent with each facility's mandate as well as the tastes of their patrons and the public. MTAC has a mandate to "enhance public awareness of the performing arts through innovative and stimulating programming" while Shenkman has a mandate to "provide a broader range of cultural and artistic activities". Given these mandates, not all theatre programming will be aligned with the preferences of all theatre patrons and the public at large.

The Portfolio Managers are exclusively responsible for the development of theatre programming at each site. Together they have developed a decision-making process document for their "presents" series, although at the time of the audit, the document was in draft form. The decision-making process identifies a programming vision, including a mission statement and its values as well as specific factors to be considered in making programming decisions, such as alignment with City plans and policies, budget and research, among others.

However, we noted that decision-making in practice is not fully aligned with the documented process. For example, as MTAC's mandate has not been reviewed and updated in many years, it is of limited use in guiding programming decisions. In addition, although the decision-making process indicates that programming decisions should be informed by research, staff have not conducted outreach activities such as patron surveys and they rarely use analytics to identify local interests and preferences. These activities have not been prioritized in recent years, which may be linked to the roles and responsibilities for marketing, communications and sponsorship activities, discussed below. As a result, the programming selected may not be aligned with the preferences of theatre patrons and the public at large, potentially resulting in lower revenue and reduced patronage.

Recommendation #11

That the City:

- Fully implement the decision-making process for the "presents" series and assess proposed programming against its requirements; and
- Undertake research activities to better understand the interests of theatre patrons and the public at large, including surveys and demographic analysis.

Management response:

Management agrees with this recommendation.

The Portfolio Managers at MTAC and Shenkman will fully implement the decision-making process for the shows that the City presents by Q1 2021 and document the assessment of proposed programming against its requirements.

The RCFS Marketing and Communications Unit (MCU) and BSS unit will perform audience research that will include surveys and demographic analysis of the interests of theatre patrons and the public at large and, provide relevant data to the MTAC and Shenkman Portfolio Managers on an annual basis beginning in Q4 2021.

Marketing, communications and sponsorship

We anticipated clear roles, responsibilities and accountabilities would be identified for marketing, communications and sponsorship activities and that these activities would support each facility's objectives and provide value for money.

We found that the MCU's activities on behalf of MTAC and Shenkman are defined through an annual plan, marketing plans for each theatre and there is now a list of services that it provides to each theatre. Despite this, there are areas where the roles and responsibilities of the MCU and theatre staff are not agreed upon. For example, the MCU's role as it relates to Shenkman's resident arts partners is not mutually understood and agreed upon. This is important because staff may not be able to focus on service delivery when they are negotiating roles and responsibilities. Based on our discussion with the MCU and theatre staff, these differences in opinion are attributable to the change in the department's organizational structure which resulted in a consolidated departmental marketing function rather than dedicated marketing and communications staff supporting MTAC and Shenkman.

Furthermore, there is a lack of clarity concerning roles and responsibilities related to sponsorship activities. This is demonstrated by an agreement that was entered into by Shenkman's Portfolio Manager with CP Business Solutions in 2019 for marketing services, which the MCU indicated occurred without their involvement. However, the MCU is responsible for fulfilling certain requirements under the agreement. The Sponsorship and Advertising Branch, whose mandate is to advise on all matters involving donations, sponsorships and advertising was also not involved. Overall, the efficiency and effectiveness of marketing, communications and sponsorship activities related to the MTAC and Shenkman may be compromised as a result of disagreements regarding roles and responsibilities.

Recommendation #12

That the City clarify and document roles and responsibilities for marketing, communications and sponsorship activities related to MTAC and Shenkman.

Management response:

Management agrees with this recommendation.

The Program Manager, Marketing and Communications Unit and the Partnership Manager, Corporate Advertising, Sponsorship, and Donations, in collaboration with the Program Manager, Cultural and Heritage Programs and Spaces, will clarify and document the roles and responsibilities as they relate to marketing, communications, and sponsorship activities for MTAC and Shenkman by Q3 2021.

The City signed a naming rights agreement with the Meridian Credit Union in relation to Centrepointe Theatres in 2018. The agreement was for 15 years with an annual payment of \$65K for a total of \$975K to the City. We found that the City has yet to fulfill all of its obligations under this agreement. We noted that some requirements of the agreement will be difficult if not impossible for theatre staff to implement, due to the nature of the theatre's operations or regulatory requirements. For example, Meridian Credit Union will not be able to create a signature cocktail to be served at MTAC as the facility's bar does not serve mixed drinks. While the City is working collaboratively with Meridian to implement outstanding items, there is a risk that the City could damage its relationship with existing sponsors as well as impact future sponsorships if it does not meet its obligations.

Recommendation #13

That the City continue to work with Meridian Credit Union to implement the requirements of the sponsorship agreement between the City and Meridian.

Management response:

Management agrees with this recommendation.

The Sponsorship and Advertising branch continues to work with Meridian Credit Union through a documented Naming Rights and Ancillary Benefits summary. Each contractual obligation and benefit are reviewed annually and repurposed when the asset cannot be executed in exchange for equal value of the benefit outlined in the agreement.

Link to mandate

We found that the marketing and communications activities undertaken on behalf of MTAC support its mandate to “enhance public awareness of the performing arts through innovative and stimulating programming”. In addition, the theatre’s naming rights agreement with Meridian Credit Union supports its mandate to “encourage community involvement and participation by utilizing volunteers, seeking private and corporate sponsorship and offering education programs”.

Likewise, marketing and communications activities undertaken on behalf of Shenkman and its agreement with CP Business Solutions support its strategic objective to “improve Shenkman’s ability to communicate and promote its cultural and artistic programming”.

Marketing and Communications Budget

The MCU has reduced spending on marketing and communications activities since the unit began providing these services to MTAC and Shenkman. For the 2018-2019 season (from May 2018 to April 2019), marketing and communications costs for MTAC and Shenkman were approximately \$81K and \$75K respectively.

Although staff were unable to quantify the extent to which total spending on these activities has decreased, we were able to confirm that the budget to promote each show was reduced from \$6K to \$4K¹¹. The MCU has identified ways to provide marketing and communications services more efficiently. For example, staff purchase a year’s worth of radio ads and family blogs for cultural and recreational programs together in order to negotiate a better price. The MCU also leverages demographic data to inform marketing tactics used and where they are deployed.

Although these changes enabled the MCU to provide services at a lower cost, there is no evidence that the current level of spending is optimal. Increased marketing and communications activities may increase audience size and reduce the overall net costs of operating the theatres. Conversely, these activities may have little impact on audience size. A benchmarking exercise to determine how much other similar theatres in other municipalities spend on these activities could provide valuable insights.

¹¹ These amounts are for promotional products / space specific to each show and do not include staff time or overhead costs. They also do not include amounts spent on family blogs, posters and additional radio ads that are purchased as part of the season promotion.

Recommendation #14

That the City:

- Conduct a benchmarking exercise to determine how much other similar theatres in other municipalities spend on marketing and communications activities; and
- Document rationale for maintaining the current level of funding or modifying the level of funding based on the results of the benchmarking exercise and other relevant factors.

Management response:

Management agrees with this recommendation.

The Marketing and Communications Unit will undertake a benchmarking exercise to identify the marketing and communication activities of other municipal theatres. The results of this research will provide rationale for either maintaining current levels of funding or modifying them. This research will be done by Q4 2021.