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**TAMRMS#:** B05



## **Operational Audit for Servus Place**

Notice given by: Councilor Hughes

### **BUDGET POSTPONED MOTION:**

That an operational audit for Servus Place is approved for up to \$100,000, to be funded by the Internal Audit Budget reserve and overseen by the Internal Audit Committee.

### **Administration's Understanding of the Intent of the Motion:**

The motion intends to fund an operational audit for Servus Place of up to \$100,000 to be funded by the Internal Audit Budget and overseen by the Internal Audit Steering Committee.

### **SUMMARY**

The Recreation & Parks department approaches operational assessments and regional comparisons with a commitment to continuous improvement, as current standards and performance reflect sound management principles and aligns with best regional practices. Should Council determine that an audit is warranted, Recreation & Parks would regard the process as an objective review and undertake it with the understanding that it may identify opportunities to further enhance operational efficiency and financial sustainability.

### **ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION**

#### **Internal Audit Steering Committee Bylaw 24/2023**

4. The mandate of the Committee is to:

d. provide input to Administration for the identification, assessment, and mitigation of key corporate risks.

6. The Committee is authorized to:

- a. review and provide input on the Risk Register that informs the audits in the Work Plan;
- b. review, provide input on, and recommend to Council approval of the Work Plan;
- d. approve all internal audits and related services provided by Internal Audit Service

Provider in accordance with the Work Plan.

25. The purposes of the meetings outlined in section 24 are as follows:

- a. During the first meeting of each calendar year (by end of March), the Committee will:
  - iv. review the Risk Register; and
  - v. review an existing draft Work Plan and recommend it to the Council for approval, with or without recommendations.

## **BACKGROUND AND DISCUSSION**

An operational review of Servus Place was completed in 2008, which was the impetus for the Sierra Report that generated a series of recommendations that formed the current operating philosophy and structure for Servus Credit Union Place. The most significant recommendation: " Servus Place must be operated and understood as a facility that provides social benefit to the City of St. Albert and furthers the "public good" transitioned the operation philosophy from an "Enterprise Model" to a "Community based model".

Based on the Council acceptance of the Sierra report, a new organizational structure was developed to meet the recommended operational model and was implemented in 2008. This was further developed and implemented into the Recreation & Parks service levels later as approved by the City Council.

Recreation & Parks Administration, in its operation and budget development, aligns with corporate policies, existing standards of service and the best regional practices. Through the work, Servus Place has achieved an average 83% cost recovery for the last five full operational years outside of the pandemic, which would be favorable or comparable to other large multi-amenity facilities across the Region.

In 2020-2021, the Ernst & Young Operational & Fiscal Review included all City departments, and the Final Report was presented to Council in May 2021. The Ernst & Young Operational & Fiscal Review noted that the City of St. Albert Recreation & Parks Department overall (including Servus Place) recovers over 60% of its operating costs through revenues from admission fees, rentals, lesson fees, sales of good and business partnerships (e.g. advertising and sponsorship), which is higher than cost recoveries generally observed in municipalities (35%-55%).

### **Internal Audit Steering Committee**

The Internal Audit Steering Committee is a Council Committee established and guided by Bylaw 24/2023 - Internal Audit Steering Committee Bylaw. The committee consists of three members of Council and two residents of St. Albert. The Committee follows a risk-based approach to develop a multi-year workplan for reviews/audits to help manage risk identified in the Corporate Risk Register and ensure organizational excellence. It is the Committee's responsibility to work with Administration to identify an audit/review to be completed every year and to approve the allocation of the budget for the Committee's approved audit/review.

Currently, the Committee's workplan includes the following planned audits/reviews

1. Data Governance Practice Review - 2026
2. Managing Aging Infrastructure - 2027
3. Assessment of Digital Transformation Approach - 2028.

The current workplan is subject to the Committee's review and approval of any changes made to the workplan. The review of the workplan will take place in Q1 2026

With the currently approved work plan, the Committee could consider adding Operational Audit for the Servus Plan for 2027 during their first meeting of the year (by the end of Q1) before the plan is updated.

Annually, as part of Council strategic planning, Council provides input into the program and service review workplan. This is another opportunity for Council to prioritize reviews for Administration to undertake in future years.

## **STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT**

N/A

## **IMPACTS OF RECOMMENDATION(S)**

### Financial:

The 2026 Internal Audit Steering Committee budget of \$100,000 has already been committed to the Data Governance Practice Review. In addition, there is \$37,800 uncommitted in 2025 which will be requested to be carried into 2026 for future audits.

### Compliance & Legal:

Approving this motion will not align with Council's Internal Audit Steering Committee Bylaw, which outlines the Committee's roles and responsibilities and processes for selecting annual audits.

In addition, the recommendation does not align with Council-approved direction to use the IASC budget for the implementation of Cybersecurity recommendations and already approved Data Governance Practice Review for 2026.

As per the roles and responsibilities of the IASC, the Committee could consider this audit as part of the review of their multi-year workplan that will take place by the end of Q1 2026.

If this motion is approved, Administration will bring this decision to the IASC to add this audit to the IASC's workplan for 2027 and to confirm the scope.

### Program or Service:

Conducting an audit will not have an impact on programs and services during the review. Recommendations from the audit may result in changes to programs and services.

### Organizational:

Resources will need to be assigned to this review, including Recreation & Parks, Strategic Services,

Finance and Human Resources, which may result in other priorities being reprioritized.

### Risks

Compliance and Legal - As noted above, this recommendation does not align with Council's Bylaw for the Internal Audit Steering Committee and process for developing the Committee's multi-year audit workplan, approval of the workplan and related budget.

## **ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN**

Financial Sustainability - Internal Audit Workplan Implementation

## **ALIGNMENT TO LEVELS OF SERVICE DELIVERY**

**Recreation and Sport Amenities** - Ensure the provision of schedules and spontaneous use of recreation amenities for community users in a safe and comfortable environment

**Corporate Performance** - The assessment of how well the city executes its desired outcomes at strategic, corporate, program and department levels. This is done through the stewardship and implementation of a standardized framework for program and service reviews, business process improvement, and performance measurements. The service also includes a liaison role with the IASC and facilitation of the Committee's processes, including development of a multi-year workplan.

**Integrated Risk Management (IRM)** - The Corporate Risk Register is used to help inform the IASC multi-year workplan.

Report Date: December 2, 2025

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