

March 11, 2008

City of Saskatoon
222 – 3rd Avenue North
Saskatoon, Saskatchewan
S7K 0J5

Robert Prosser & Associates Inc.

Attn. Secretary – Audit Committee

Re. Audit Report – Credit Union Centre – Ticket Sales Revenue Collection Audit

Attached, for the Audit Committee's consideration and information, is the audit report on the Credit Union Centre Ticket Sales Revenue Collection system.

The scope of the audit included revenues collected from Box Office sales, retail outlet sales, telephone sales, on-line sales, and sales by operators outside Saskatchewan.

We concluded that adequate controls are in place to:

- Ensure complete and timely collection of revenues;
- Minimize opportunities for theft, fraud and misappropriation of cash and tickets; and
- Ensure accurate calculation of royalties and other fees.

Respectfully submitted,

Tim P. Prosser, C.A.

cc: Robert Prosser, C.M.A., C.G.A.P.
Ken Wood, C.A., Executive Director, Credit Union Centre
Irene Boychuk, Chair, Credit Union Centre

Audit

Findings

Purpose of the Audit

The objectives of this audit included the following:

- Determine if adequate controls are in place to ensure complete and timely collection of revenues;
- Determine if adequate controls are in place to minimize opportunities for theft, fraud, and misappropriation of cash;
- Determine if adequate controls are in place to minimize opportunities for theft, fraud, and misappropriation of tickets.
- Determine if adequate controls are in place to ensure complete and accurate calculation of royalties and other costs related to ticket sales.

Credit Union Centre – Ticketmaster Revenue Collections Audit

Existing controls provide reasonable assurance with regard to complete and timely collection of revenues, safeguarding cash and tickets, and accurate calculation of royalties and other fees.

What Internal Audit Found

The Credit Union Centre signed a ten year system user agreement with Ticketmaster Canada Ltd. ('TM Canada Ltd') on December 1, 2002. The user agreement grants the CUC the right to use the Ticketmaster system in connection with the CUC's computerized event ticketing business. The CUC can utilize the system to process sales of tickets on behalf of the CUC's venues and promoter clients.

Our audit testing and verification procedures focused on internal controls outside of the Ticketmaster System. Credit Union Centre does not own or have jurisdiction over the Ticketmaster system/ software. Therefore, testing the integrity of the Ticketmaster system/ software was outside the scope of the audit.

Based on our findings we conclude that adequate controls are in place to ensure complete and timely collection of revenue from box office locations, retail locations, telephone sales, on-line sales, and sales by other operators outside Saskatchewan.

Based on our findings we conclude that adequate controls are in place to minimize the risk of theft, fraud, and misappropriation of cash received from ticket sales.

Based on our findings we conclude that adequate controls are in place to minimize the risk of theft, fraud, and misappropriation of tickets.

Based on our findings we conclude that adequate controls are in place to ensure complete and accurate calculation of royalties, credit card and debit card charges, as well as Retail Outlet and Box Office fees.

We caution that the key internal controls confirmed through the audit, no matter how well conceived and operated, can provide only reasonable - not absolute - assurance to management and the board regarding risk mitigation. The likelihood of risk mitigation is affected by limitations inherent in all internal control systems (e.g. faulty judgments, human error, collusion, resource constraints).