

Chapter 16

Parks, Culture and Sport

1.0 MAIN POINTS

This chapter reports the results of the annual audits of the Ministry of Parks, Culture and Sport, five of its agencies, and two special purpose funds for the year ended March 31, 2014.

The Ministry of Parks, Culture and Sport (PCS), its funds, and agencies, complied with the authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. The 2014 financial statements of PCS' agencies and special purpose funds are reliable.

PCS, its agencies, and the Saskatchewan Snowmobile Fund had effective rules and procedures to safeguard public resources except for the following matter related to PCS.

PCS has addressed our past recommendations by renewing its agreement with its lotteries marketing agent and requiring the lotteries marketing agent to make payee lists available to PCS. However, PCS needs to follow its procedures to secure its systems through timely removal of network access. Additionally, PCS needs to record the estimated cost to close and remediate landfills in provincial parks in its accounting records.

2.0 INTRODUCTION

The mandate of the Ministry of Parks, Culture and Sport (PCS) is to support, celebrate, and build pride in Saskatchewan with a focus on tourism enhancement, quality of life, and economic growth. It is responsible for working with diverse groups and communities to enhance the province's cultural, artistic, recreational, and social life; promote excellence in the arts, culture, heritage, and sport; and support a vibrant and growing arts and cultural community. PCS also supports and promotes Saskatchewan tourism, manages Saskatchewan's provincial parks system, conserves ecosystems and cultural resources, and provides recreational and interpretive opportunities for park visitors.¹

2.1 Financial Overview

For the year ended March 31, 2014, PCS spent \$95.1 million (2013: \$99.8 million) including net capital acquisitions of \$11.4 million (2013: \$9.2 million). Also, PCS recorded revenue of \$11.9 million (2013: \$7.8 million) from lottery licensing fees and agreements with the federal government. In addition, PCS raised revenue and incurred expenses through the Commercial Revolving Fund.²

¹ *Saskatchewan Provincial Budget: 2013-14 Estimates*, p.109.

² The Commercial Revolving Fund collects and distributes funds used in the operation of Saskatchewan's provincial parks.



Information about PCS' revenues and expenditures appear in its *2013-14 Annual Report*.³ PCS' major programs and spending are shown in **Figure 1**.

Figure 1 – Major Programs and Spending

	Estimates 2013-14	Actual 2013-14
	(in millions)	
Central Management Services	\$ 11.3	\$ 11.2
Community Initiatives Fund	9.6	8.0
Building Communities	3.2	2.7
Parks	31.1	30.8
Culture	34.6	30.5
Heritage	9.4	9.4
Sport Recreation and Stewardship	4.2	4.0
Capital Commission Operations	9.8	6.9
Total Appropriation	\$ 113.2	\$ 103.5
Capital Asset Acquisitions	(11.8)	(11.4)
Capital Asset Amortization	3.4	2.9
Other	0.0	0.1
Total Expense	\$ 104.8	\$ 95.1

Source: 2013-14 Ministry of Parks, Culture and Sport Annual Report.

2.2 Background

At March 31, 2014, PCS was responsible for the following special purpose funds, trusts, and Crown agencies. Each one has a March 31 year-end:

Special Purpose Funds (Funds)

Commercial Revolving Fund
Saskatchewan Snowmobile Fund

Crown Agencies (Agencies)

Creative Saskatchewan
Community Initiatives Fund
Saskatchewan Arts Board
Saskatchewan Heritage Foundation
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation
Western Development Museum

We report the results of our audit of Creative Saskatchewan in Chapter 4.

³ www.pcs.gov.sk.ca/Annual-Report (12 September 2014).

3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with Virtus Group LLP, the appointed auditor, to carry out the audit of the Community Initiatives Fund and Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation (Trust Fund). We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.⁴

In our opinion, for the year ended March 31, 2014:

- › **PCS, its agencies, and the Saskatchewan Snowmobile Fund had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- › **PCS and its funds and agencies complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Active Families Benefit Act
The Arts Board Act, 1997
The Culture and Recreation Act, 1993
The Film Employment Tax Credit Act
The Financial Administration Act, 1993
The Government Organization Act
The Heritage Property Act
The Interprovincial Lotteries Act, 1984
The Meewasin Valley Authority Act
The Multiculturalism Act
The Natural Resources Act
The Parks Act

The Public Service Act, 1998
The Purchasing Act, 2004
The Regional Parks Act, 1979
The Saskatchewan Gaming Corporation Act (Part IV) – Community Initiatives Fund
The Snowmobile Act
The Tourism Authority Act
The Wakamow Valley Authority Act
The Wanuskewin Heritage Park Act, 1997
The Western Development Museum Act
 Regulations and Orders in Council issued pursuant to the above legislation

- › **The financial statements of the funds and agencies are reliable**

We used the control framework developed by the Canadian Institute of Chartered Accountants to make our judgments about the effectiveness of controls used by PCS, its agencies, and Saskatchewan Snowmobile Fund. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

In the 2013-14 audit, we examined the effectiveness of PCS', its agencies', and Saskatchewan Snowmobile Fund's financial-related controls used to administer their spending, revenues and key assets. Also, we examined the effectiveness of the controls used to keep reliable financial records and prepare reliable financial reports. We paid particular attention to the financial controls over operating transfers, controls over key computer systems that PCS relied on to administer its programs (e.g., camping permits), and its oversight of the lottery system.

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline key observations from our assessments and the resulting recommendations.

⁴ See our website at www.auditor.sk.ca.



4.1 Amended Lottery Agreement

We recommended that when the Ministry of Parks, Culture and Sport renews its agreement with its lotteries marketing agent that the Ministry amend the agreement to require the lotteries marketing agent to make payee lists (e.g., employees and suppliers) available to the Ministry. (2011 Report – Volume 2; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

PCS' agreement dated April 1, 2014 with its marketing agent for the marketing of lottery products in Saskatchewan includes the requirement to provide an annual payee listing to PCS.

4.2 Timely Removal of User Access Needed

Although PCS has established procedures for removing user access to its computer systems and data, staff did not consistently follow them.

In 2013-14, 7 out of 10 individuals that we tested (2013: none) did not have their computer network access removed promptly (e.g., removed between 12-25 days after their last day of employment for six individuals, removed 73 days after the last day of employment for one individual).

Not removing user access of former employees promptly increases the risk of inappropriate access to PCS's systems and data.

- 1. We recommend that the Ministry of Parks, Culture and Sport follow its established procedures and promptly remove unneeded user access to its computer systems and data.**

4.3 Recording of Landfill Remediation Estimates Needed

PCS did not record its estimate of liability related to decommissioning its landfills located in provincial parks.

PCS no longer has operating landfills in provincial parks throughout the province. It is responsible for decommissioning six closed landfills and monitoring two closed and decommissioned landfills located in provincial parks.

Canadian public sector accounting standards⁵ require PCS to determine and record the estimated liability related to closure and post-closure costs associated with landfills. Liability for closure and post-closure begins when sites start to accept waste. Closure activities include all activities related to closing a site (such as adding a final cover and planting vegetation); post-closure activities include activities related to monitoring the site once it can no longer accept waste (e.g., monitoring the quality of ground and surface water). The standard expects governments to recognize a liability for closure and post-closure care as the landfill's site capacity is used.

In 2013-14, while PCS estimated the costs related to future closing activities for its landfills would be \$1.6 million (2013: \$0), it did not record this estimate in its accounting records.

Not recording accounting entries leads to producing incorrect financial information for decision-making.

- 2. We recommend that the Ministry of Parks, Culture and Sport record, in its accounting records, the estimated cost for closure and post-closure care of landfills located in the provincial parks.**

⁵ PS3270 *Solid waste landfill and post-closure liability* establishes standards on how to account for and report the liability for closure and post-closure care of solid waste landfill sites. This section applies to all operating and closed landfill sites of governments. These standards came into effect in 1998.

