

## Chapter 21

### Saskatchewan Arts Board

#### 1.0 MAIN POINTS

Saskatchewan Arts Board's 2014-15 financial statements are reliable. The Saskatchewan Arts Board complied with the authorities governing its activities related to financial reporting and safeguarding public resources. It had effective rules and procedures to safeguard public resources except that it did not comply with all of its grants policies. We found that it had paid \$162,874 in grants to three recipients before it made sure they had fulfilled reporting requirements from previously provided grants. Also, it did not obtain the required approval for grant advances of \$120,288 made to several recipients in the multi-year grant programs.

#### 2.0 INTRODUCTION

The mandate of Saskatchewan Arts Board (Board), under *The Saskatchewan Arts Board Act*, is to cultivate an environment in which the arts thrive for the benefit of everyone in Saskatchewan.<sup>1</sup> To achieve its mandate, the Board provides grants to various Saskatchewan artists and arts organizations.

At March 31, 2015, the Board had net financial assets of \$6.29 million (2014: \$5.95 million) including investments of \$6.1 million (2014: \$5.5 million) and tangible capital assets of \$0.38 million (2014: \$0.32 million). Also, at March 31, 2015, it held a permanent collection of works of art of \$2.7 million (2014: \$2.6 million). As shown in **Figure 1**, in 2014-15, the Board received \$7.16 million from the Ministry of Parks, Culture and Sport for its operations.

**Figure 1 – Revenues and Expenses**

	2014-15	
	Budget	Actual
	(in millions)	
Provincial Grants	\$ 7.16	\$ 7.16
Other Revenues	2.87	2.96
<b>Total Revenues</b>	<b>\$ 10.03</b>	<b>\$ 10.12</b>
Grants and Transfers	6.67	6.62
Operational and Other Expenses	3.26	3.13
<b>Total Expenses</b>	<b>\$ 9.93</b>	<b>\$ 9.75</b>

Source: March 31, 2015 Audited Financial Statements.

<sup>1</sup> Saskatchewan Arts Board *Annual Report 2014-15*, inside cover.



## 3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2015:

- › **The Board had effective rules and procedures to safeguard public resources except for the matters related to paying grants**
- › **The Board complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Arts Board Act, 1997*

*The Arts Board Regulations*

Orders in Council issued pursuant to the above legislation

- › **The Board's financial statements are reliable**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Board's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

We examined the Board's financial-related controls used to administer its spending, revenues, and key assets consistent with its related authorities, and its preparation of financial statements in accordance with Canadian generally accepted accounting principles for the public sector. We assessed the Board's governance and controls over its grants, and safeguarding of its permanent collections.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Compliance with Grant Policies Needed

The Board did not always comply with its grant payment policies.

Board policies related to the payment of grants<sup>2</sup> do not allow for new grants payments to a recipient until the required reports for previous grants are submitted by the report due date and properly approved. Allowing only those recipients who have met past reporting requirements on previous grants helps the Board ensure it pays grants to recipients who use grants as expected and it achieves its mandate.

During our audit, we found three instances where the Board paid new grants totalling \$162,874 before those recipients had submitted the required reports for previous grants. As a result, it paid grants to recipients with outstanding reporting.

Non-compliance with its established policies increases the risk that grant recipients may not use the grants for the purposes the Board intends and, in turn, that the Board may not achieve its mandate or objectives.

<sup>2</sup> Policy is set out in the grant application packages.

- 1. We recommend that the Saskatchewan Arts Board follow its established policies to pay grants only to eligible recipients with no outstanding reports.**

Also, the Board did not always comply with its policies for the authorization of grant payments.

Board policies related to the approval of grants in excess of \$20,000 require the Chief Executive Officer to obtain the approval of the Board of Directors with the exception of travel grants.<sup>3</sup> Also, Board policies for the multi-year grant programs require annual approval for each year of funding.

During the audit, we found four instances where advances on grants, totalling \$120,288, were paid to multi-year grant recipients before receiving the Board's approval. As a result, these advances were made when not properly authorized.

- 2. We recommend that the Saskatchewan Arts Board follow its established policies related to obtaining the required approval before paying multi-year grants.**

<sup>3</sup> *Saskatchewan Arts Board: Board of Directors: Governance Manual*, section 4.2.4.

