

## Chapter 12

### Saskatchewan Arts Board

#### 1.0 MAIN POINTS

The Saskatchewan Arts Board's 2016-17 financial statements are reliable and it complied with authorities governing its activities related to financial reporting and safeguarding public resources. Other than not complying with all of its grant policies, the Board had effective rules and procedures to safeguard public resources.

During 2016-17, the Arts Board paid almost \$280 thousand in grants without appropriate approval. The Board of Directors had expected the Arts Board to pay these grants in the following fiscal year—2017-18.

#### 2.0 INTRODUCTION

The Saskatchewan Arts Board is to cultivate an environment in which the arts thrive for the benefit of everyone in Saskatchewan.<sup>1</sup> It provides grants to various Saskatchewan artists and arts organizations.

#### 2.1 Financial Overview

At March 31, 2017, the Arts Board had net financial assets of \$6.34 million (2015-16: \$6.38 million) including investments of \$5.95 million (2015-16: \$5.47 million) and tangible capital assets of \$0.42 million (2015-16: \$0.29 million). Also at March 31, 2017, it held a permanent collection of artwork worth \$3.2 million (2015-16: \$2.8 million). As shown in **Figure 1**, in 2016-17, the Arts Board had an annual surplus of \$90 thousand comprised of revenues of \$9.79 million (including \$6.81 million from the Ministry of Parks, Culture and Sport) and expenses of \$9.70 million.

**Figure 1—Revenues and Expenses**

	2016-17	
	Budget	Actual
	(in millions)	
Provincial Grants	\$ 7.36	\$ 6.81
Other Revenues	2.39	2.98
<b>Total Revenue</b>	<b>9.75</b>	<b>9.79</b>
Grants and Transfers	6.74	6.65
Operational and Other Expenses	3.05	3.05
<b>Total Expense</b>	<b>9.79</b>	<b>9.70</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (0.04)</b>	<b>\$ 0.09</b>

Source: Saskatchewan Arts Board March 31, 2017 Audited Financial Statements.

<sup>1</sup> *The Saskatchewan Arts Board Act.*



## 3.0 AUDIT CONCLUSIONS

**In our opinion, for the year ended March 31, 2017:**

- **The Arts Board had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **The Arts 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 Arts Board's financial statements are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audits. We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Arts 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 Arts 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 also assessed the Arts Board's governance and controls over its grants, and safeguarding of its permanent collection.

## 4.0 KEY FINDINGS AND RECOMMENDATION

### 4.1 Grant Payments Made Without Approval

In March 2017, the Arts Board paid grants totalling almost \$280 thousand without the approval of its Board of Directors.

The Board of Directors requires, through policies, the Chief Executive Officer to obtain the prior approval of the Board of Directors for any grants in excess of \$20,000.<sup>2</sup> In addition, the policies require the Board of Directors to approve each year of funding for multi-year grant programs.

Consistent with these policies, on March 24, 2017, the Board of Directors made a 2017-18 funding commitment for the Arts Board's Professional Arts Organizations Program. It expected the Arts Board to pay these amounts during the Arts Board's 2017-18 fiscal year (i.e., on or after April 1, 2017).

<sup>2</sup> *Saskatchewan Arts Board: Board of Directors: Governance Manual*, section 4.2.4.

During the audit, contrary to the Board of Directors' decision, we found management paid seven recipients in March 2017 a total of almost \$280 thousand for a portion of 2017-18 Professional Arts Organization Program grants.

In addition, the draft financial statements presented for audit did not properly account for these grants paid in 2016-17. The draft statements understated grant accounts payable and expenses by almost \$280 thousand respectively. As a result of the audit and at the direction of the Board of Directors, the Arts Board subsequently corrected the statements.

Non-compliance with the direction of the Board of Directors increases the risk of paying grants without appropriate authority.

- 1. We recommend that the Saskatchewan Arts Board follow its established policies when making grant payments.**

