

Chapter 13

Saskatchewan Arts Board

1.0 MAIN POINTS

Saskatchewan Arts Board's 2017-18 financial statements are reliable. In 2017-18, Saskatchewan Arts Board complied with the authorities governing its activities related to financial reporting and safeguarding public resources.

The Arts Board had effective rules and procedures to safeguard public resources except that it did not have written management-approved guidance for staff to follow for accounting for and payment of grants. Not having written guidance for accounting for grants increases the risk of accounting for grants incorrectly or inconsistently.

In addition, the Arts Board improved its processes to make grant payments. During 2017-18, management received approval for grant payments from the Board of Directors before making grant payments.

2.0 INTRODUCTION

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

2.1 Financial Overview

At March 31, 2018, the Arts Board had net financial assets of \$7.08 million (2017: \$6.34 million) including investments of \$6.15 million (2017: \$5.95 million) and tangible capital assets of \$0.39 million (2017: \$0.41 million). Also at March 31, 2018, it held a permanent collection of artwork worth \$3.26 million (2017: \$3.17 million).

As shown in **Figure 1**, in 2017-18, the Arts Board had revenues of \$9.16 million (including \$6.61 million from the Ministry of Parks, Culture and Sport) and expenses of \$8.44 million resulting in an annual surplus of \$0.72 million.

Figure 1—Revenues and Expenses

	2017-18		2016-17
	Budget	Actual	Actual
	(in millions)		
Provincial Grants	\$ 6.61	\$ 6.61	\$ 6.81
Other Revenues	2.44	2.55	2.98
Total Revenue	9.05	9.16	9.79

¹ The Saskatchewan Arts Board Act.



	2017-18		2016-17
	Budget	Actual	Actual
Grants	6.11	5.69	6.65
Operational and Other Expenses	2.94	2.75	3.05
Total Expense	\$ 9.05	\$ 8.44	\$ 9.70
Annual Surplus	\$ 0	\$ 0.72	\$ 0.09

Source: Saskatchewan Arts Board March 31, 2018 Audited Financial Statements.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2018:

- **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 audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of 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 Art's Board governance and controls over its grants, and safeguarding of its permanent collection.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Approved Written Guidance over Accounting for Grants Needed

The Arts Board does not have written management-approved guidance setting out key procedures for accounting for and payment of grants.

The Arts Board provides significant grant funding to arts organizations, artists, and other art initiatives each year. During 2017-18, it expensed grants of \$5.69 million (2016-17: \$6.65 million), and as of March 31, 2018, had grant payables of \$0.96 million (March 31, 2017: \$0.41 million).

The Arts Board administers about 10 different grant programs (e.g., Professional Arts Organizations Program, SaskFestivals). Each of these programs has a purpose with specific terms and conditions.

Accounting for grants that include conditions requires an in-depth understanding of the relevant accounting standards.² Professional judgment is often required when interpreting and applying those standards to assess how to account for the terms and conditions in grant programs. It involves determining when grants are authorized, what conditions grant applicants have to meet to be eligible for grants, what conditions they must meet to keep the grant, and when to pay the grants.

While the Arts Board has made determinations (e.g., eligibility criteria) about each of its grants programs, it has not documented those determinations, or sought formal management approval of them.

During the last few years, the Arts Board experienced turnover of key accounting staff.

Without written guidance, accounting staff do not have clear direction or information about decisions reached on accounting for grants. Not having written guidance (that management has reviewed and approved) for recording grants increases the risk of misunderstanding, and of recording grants incorrectly or inconsistently.

1. **We recommend that the Saskatchewan Arts Board maintain written management-approved guidance about accounting for and payment of grants.**

4.2 Policies Followed for Making Grant Payments

We recommended that the Saskatchewan Arts Board follow its established policies when making grant payments. (2017 Report – Volume 2; Public Accounts Committee had not yet considered this recommendation as of June 20, 2018)

Status – Implemented

The Arts Board followed its policies when making grant payments during 2017-18. We found that management received approval for grant payments from the Board of Directors before making grant payments.

² Canadian Public Sector Accounting Standards, PS 3410 Government Transfers.

