

## Chapter 17

### Western Development Museum

#### 1.0 MAIN POINTS

Other than the need to follow its policy for use of purchase orders, the Western Development Museum had effective rules and procedures to safeguard public resources as at March 31, 2020. The Museum's 2019–20 financial statements were reliable and it complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

#### 2.0 INTRODUCTION

##### 2.1 Background

The Western Development Museum (under the authority of *The Western Development Museum Act*) is a corporate body with exhibit branches in North Battleford, Saskatoon, Moose Jaw, and Yorkton. Its main objectives are:

- To procure by gift, donation, devise, bequest or loan wherever possible, and by purchase where necessary and desirable, tools, machinery, implements, engines, devices, and other goods and chattels of historical value and importance connected with the economic and cultural development of western Canada
- To collect, arrange, catalogue, recondition, preserve, and exhibit to the public, the tools, machinery, implements, engines, devices, and other goods and chattels it has procured
- To stimulate interest in the history of the economic and cultural development of western Canada
- To co-operate with organizations having similar objectives<sup>1</sup>

##### 2.2 Financial Overview

**Figure 1—Financial Results 2019-20**

	Budget 2019-20	Actual 2019-20
Revenue	(000s)	
Rentals, concessions, souvenir sales	\$ 1,989.5	\$ 1,953.8
Less: Cost of Sales	(1,769.7)	(1,880.5)
<b>Gross Profit</b>	<b>\$ 219.8</b>	<b>\$ 73.3</b>

<sup>1</sup> Western Development Museum, 2019-20 Annual Report, p.4.



	Budget 2019-20	Actual 2019-20
<b>Revenue</b>		(000s)
Admissions	728.5	608.8
Donations	479.6	232.4
Interest	15.0	29.2
Other Income	370.9	393.4
Province of Saskatchewan Appropriation	4,181.0	4,181.0
Other Grants	96.9	114.6
<b>Total Revenue</b>	<b>\$ 6,091.7</b>	<b>\$ 5,632.7</b>
<b>Expense</b>		
Curatorial Programs	2,001.8	1,909.4
Visitor Services	1,097.7	1,034.4
Support Programs and Services	3,357.8	3,300.6
<b>Total Expense</b>	<b>\$ 6,457.3</b>	<b>\$ 6,244.4</b>
<b>(Deficit) for year</b>	<b>\$ (365.6)</b>	<b>\$ (611.7)</b>

Source: 2019-20 Audited Financial Statements.

## 3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2020, we found, in all material respects:

- The Western Development Museum had effective rules and procedures to safeguard public resources except for the matter described below
- The Western Development Museum complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:

*The Western Development Museum Act  
The Financial Administration Act, 1993  
The Executive Government Administration Act  
Orders in Council issued pursuant to the above legislation*

- The Western Development Museum had reliable financial statements

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of the Museum'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 focused our audit effort on the Museum's processes to record revenue relating to admission, donation, and self-generating revenue streams (i.e., rentals, concession and souvenir sales), and processes to record the purchase of capital assets and inventory.

## 4.0 KEY FINDING AND RECOMMENDATION

### 4.1 Policies for Approving Purchase Orders Need to be Followed

The Museum does not consistently document or approve purchase orders in accordance with its purchase order policy.

The Museum's purchase order policy specifies the appropriate signing authority must approve all purchase orders before an employee makes a purchase. This is consistent with good practice.

During our audit, we identified seven purchases where the purchase order did not show that the appropriate authorization occurred prior to making the purchase. In these cases, the purchase orders did not clearly indicate the order date and authorization date; and the Museum did not clearly document the date of receipt of goods or services.

Approving purchase orders before making a purchase decreases the risk of staff making inappropriate or unauthorized purchases. Having clear documentation of such prior approval enables monitoring and demonstration of staff compliance with good purchasing practices and the Museum's policy.

- 1. We recommend the Western Development Museum consistently document the approval of purchase orders before it purchases goods or services.**

