

Chapter 10

Western Development Museum

1.0 MAIN POINTS

The Western Development Museum prepared reliable financial statements for the year ended March 31, 2024, and complied with its legislative authorities.

Other than the following concern, the Museum had effective rules and procedures to safeguard public resources for the year ended March 31, 2024.

The Museum did not adequately review and approve financial information (e.g., journal entries, bank reconciliations, admission records) once prepared. Appropriate review of financial information helps ensure Museum management and the Board have quality and accurate financial information to make decisions.

2.0 INTRODUCTION

2.1 Background

The Western Development Museum Act governs the Western Development Museum, which is a corporate body that operates exhibit branches in North Battleford, Saskatoon, Moose Jaw, and Yorkton. The Museum serves the people of Saskatchewan through exhibits, programs and special events, research, and a collection of over 75,000 artifacts.¹

2.2 Financial Overview

As shown in **Figure 1**, the Western Development Museum had a deficit of \$1.0 million for the year ended March 31, 2024 (2023: \$0.9 million deficit). The Museum's Annual Report for 2023–24 provides information about its revenues and expenses including reasons for differences between actual and planned.

Figure 1—Financial Overview

	Actual 2023–24	Actual 2022–23
	(in thousands)	
Rentals, concessions, souvenir sales	\$ 2,104	\$ 1,933
Less: Cost of Sales	<u>2,002</u>	<u>1,894</u>
Gross Profit	102	39
Admissions	671	649
Province of Saskatchewan grant – operating	4,286	4,181
Other Revenue (e.g., donations)	<u>763</u>	<u>897</u>
Total Revenue	<u>5,822</u>	<u>5,766</u>

¹ Western Development Museum, *2023–2024 Annual Report*, p. 1.



	Actual 2023–24	Actual 2022–23
	(in thousands)	
Curatorial Programs	2,057	1,992
Visitor Services	1,029	996
Support Programs and Services	3,772	3,651
Total Expenses	6,858	6,639
Annual Deficit	\$ (1,036)	\$ (873)
Total Financial Assets (e.g., cash, accounts receivable, inventory)	\$ 3,092	\$ 3,755
Total Non-Financial Assets (e.g., tangible capital assets)	\$ 6,859	\$ 7,440
Total Liabilities	\$ 3,820	\$ 4,028

Source: Adapted from Western Development Museum audited financial statements for the year ended March 31, 2024.

3.0 AUDIT CONCLUSIONS

In our opinion, for the year ended March 31, 2024, we found, in all material respects:

- **The Western Development Museum had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **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 Western Development Museum's controls. The framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

Audit procedures focused on assessing adequacy of controls for properly recording and safeguarding revenue (e.g., admissions, donations, self-generated revenue) and inventory.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Proper Review of Financial Information Needed

We recommended the Western Development Museum require management to conduct a detailed review of financial information (e.g., financial reports, journal entries, bank reconciliations) prepared by staff. (2023 Report – Volume 2, p. 66, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Not Implemented

Western Development Museum management did not adequately review and approve financial information once prepared throughout 2023–24.

We found management neither consistently reviews and approves financial reporting information in a timely manner nor formally documents their approval. Adequate segregation of duties requires timely and independent review and approval of key transactions and entries. We found several instances where staff did not properly approve financial information, including:

- Bank reconciliations were either not completed or reviewed timely. The Museum completed bank reconciliations for April 2023 to January 2024 in February 2024. It did not maintain evidence of an independent review for three of these monthly reconciliations. Additionally, staff did not document when the February and March 2024 reconciliations were prepared or reviewed. Not preparing and reviewing bank reconciliations timely increases the risk of undetected errors or fraud.
- Only 1 of the 15 journal entries tested had evidence of review and approval before staff recorded the journal entry into the financial system. Recording entries in the financial system before review and approval increases the risk of inaccurate or unauthorized entries to accounting records.
- For 10 of the 30 catering revenue entries tested, we did not find evidence of review and approval. For example, catering documentation did not show evidence of review to confirm revenue coded correctly in the financial system.
- Only 1 of 8 museum admission records tested had evidence of review. Lack of review of the admission records could result in not identifying incorrect admission revenue.

Not independently reviewing financial information timely increases the risk of financial record inaccuracies. Consistent review of financial information (e.g., journal entries, bank reconciliations) identifies potential issues and allows for corrective actions in a timely manner.



4.2 Detailed Review of Financial Statements Completed

We recommended the Western Development Museum require management complete a full review of its year-end financial statements. (2023 Report – Volume 2, p. 67, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Implemented

The Western Development Museum adequately prepared and reviewed the financial statements for audit; the 2023–24 audit did not identify any significant errors.

The financial statements initially presented for audit were complete. We saw evidence of the Chief Executive Officer’s review of the initial set of financial statements received for audit.

Having a full review of the year-end financial statements and supporting materials helps Museum management to identify potential errors and have accurate financial information, as well as confirm the financial statements are appropriate and align with Canadian public sector accounting standards.