



From: Ken Cheveldayoff, Minister
Parks, Culture and Sport

Date: October 17, 2016

Phone: 306-787-0354

To: Ms. Danielle Chartier, Chair
Standing Committee on Public Accounts
c/o Public Accounts Committee Clerk
Room 7, Legislative Building

Fax: 306-798-0264

File:

Re: Follow-up from Creative Saskatchewan and Saskatchewan Arts Board - September 14, 2016

The Ministry of Parks, Culture and Sport is providing information for Creative Saskatchewan (Chapter 4) and Saskatchewan Arts Board (Chapter 21) in follow-up to the detail requested by the Standing Committee on Public Accounts at the September 14, 2016, meeting.

Creative Saskatchewan (Chapter 4):

Creative Saskatchewan was asked to provide the name of the organization that received a \$440,000 grant from Creative Saskatchewan without an Order in Council as well as providing additional information regarding errors in Creative Saskatchewan's 2015 financial statements:

- SaskMusic was the organization that received \$440,000 without an Order in Council in September 2013. Creative Saskatchewan had been newly-formed and there was confusion on the part of Creative Saskatchewan's newly-formed Investment Committee as to whether the regulatory threshold for Order in Council approval was applicable to the provision of operating funding to industry associations. The Investment Committee interpreted the requirement as pertinent only to grant funding. The ministry clarified the requirements in 2014.
- The Provincial Auditor of Saskatchewan identified eight accounting errors that affected income and equity when reviewing the draft financial statements that resulted in a misstatement of the annual surplus by \$120,000, all of which were corrected prior to finalizing the statements.

Accounting errors included:

- understating cash, grants and accounts payable due to some backdated cheques;

- changes needed for the correct accounting treatment of the Rogers Digital Media and SaskTel Equity Fund; and,
 - incorrect categorizing of some small capital assets as expenses.
- Creative Saskatchewan corrected all of the errors and has put in place a detailed financial policy manual to avoid any similar errors in the future.

Saskatchewan Arts Board (Chapter 21):

The Saskatchewan Arts Board (SAB) was asked to provide additional information regarding the details of the auditor's citation where three grant payments totalling \$162,874 were made where required reporting from the applicant was outstanding. The details regarding these payments are outlined below:

Payment Date	Amount	Program	Status of Overdue Reports
June 5, 2014	\$2,774	Independent Artists	6 Days
August 1, 2014	\$145,100	Professional Arts Organizations	7 Months
August 18, 2014	\$15,000	Culture on the Go	18 Days

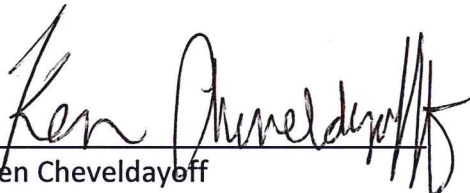
- In two of the cases where overdue reports were due within days of receiving a new grant, these can be explained as a lag between when a grant application is received, reviewed and adjudicated, and when the grant is actually paid out. In these cases, there were no outstanding reports when the applications were reviewed and approved. Since 2014, the SAB has put into place additional processes to ensure that all applicants are in good standing before being considered for additional funding including at the time of payment.
- With respect to the larger grant paid from the Professional Arts Organizations grant program in 2014, there were exceptional circumstances surrounding the recipient organization that led to the outstanding report and a subsequent agreement to make the payment to allow the organization to continue operations. The circumstances were unique and a deliberate decision was made to accommodate those unique circumstances in this case. In all other cases, the SAB commits to ensuring that organizations are in good standing when providing grant funding.

Ms. Danielle Chartier

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Thank you for the opportunity to provide this information in response to the Committee's questions. If you need any further information, please feel free to contact Lin Gallagher, Deputy Minister, Ministry of Parks, Culture and Sport at 306-787-5050.

A handwritten signature in black ink, appearing to read "Ken Cheveldayoff", written over a horizontal line.

Ken Cheveldayoff

Minister of Parks, Culture and Sport

cc: Lin Gallagher, Deputy Minister, Ministry of Parks, Culture and Sport