

ALBERTA CULTURE AND TOURISM

SPECIFIED AUDIT PROCEDURES

(CPA CANADA HANDBOOK S.9100)

ALBERTA MEDIA FUND SCREEN BASED GUIDELINES AND SUBMISSION INFORMATION

1. Introduction and Background

Alberta Culture and Tourism (the Department) recognizes the strategic value of Alberta's screen-based, narrative production industry that includes film, television and digital/interactive content platforms. The Department acknowledges the challenges of encouraging and attracting screen-based production in a national and international marketplace that offers publicly-funded production incentives. The Alberta Media Fund ("AMF") is designed to assist conventional production practices and encourage new business models and alternative distribution or broadcast delivery options for screen-based, audio-visual content creators. The AMF provides funding for the production of screen-based content through the Alberta Production Grant ("APG") Program. The APG Program supports the creation of screen-based narrative content through the provision of grant funding to production companies to cover up to 25 to 30 per cent of eligible Alberta production costs. The maximum amount of funding that can be obtained for a single production is \$5 million.

The Department has defined eligible Alberta production costs as amounts paid to individuals who meet the definition of "Albertan"¹ and goods / services purchased from businesses located in Alberta that are consumed in Alberta. Detailed information on eligible Alberta production costs can be found in the Alberta Media Fund Screen Based Guidelines and Submission Information (the "Guidelines") and the Alberta Production Eligible Alberta Costs Worksheet (the "Eligible Costs Worksheet"). A copy of the most recent Guidelines and Eligible Costs Worksheets can be found at <http://culture.alberta.ca/arts-and-cultural-industries/alberta-media-fund/alberta-production-grant/>. The Department uses production cost statements and a number of accompanying schedules, to assist in the determination of eligible Alberta production costs for productions with budgeted costs over \$200,000.

2. Accountant Qualifications

The procedures in this document have been developed for use by a public accountant to perform and report on their results based on the CPA Canada Handbook Section 9100 – Reports on the Results of Applying Specified Audit Procedures to Financial Information Other than Financial Statements, referred to here as the "Accountant's Report". A sample Accountant's Report is contained in **Appendix A**.

A public accountant means a Chartered Professional Accountant that provides services to the public in their field of professional training. The public accountant preparing the Accountant's Report must remain objective and therefore should be independent of the grant recipient, in accordance with the independence provisions of the CPA Alberta Rules of Professional Conduct.

3. Reporting Submission Requirements

Upon completion of the project, the grant recipient (i.e. the Production Company) must provide the following reports to the Department for projects with costs in excess of \$200,000:

- Accountant's Report, prepared in accordance with CPA Canada Handbook Section 9100
- Production Cost Statement
- Alberta Cost Statement (i.e. schedules detailing total Alberta costs)
- Listing of Albertans in Head of Department Positions and the amounts they were paid
- Listing of Exceptions Approved by Culture and Tourism
- Accounts Payable Schedule (i.e. detailed listing of Accounts Payable remaining unpaid)

¹ Albertan means a lawful resident of Canada for the purposes of the *Income Tax Act* (Canada) who was a resident of Alberta on December 31 of the year preceding the one in which the principal photography of the production commences or commenced; and, files an Alberta Income Tax return as a resident of Alberta and did so for the previous income tax year immediately preceding the one in which photography of the production commences or commenced.

- Listing of Parties Involved in the Production other than the Production Company.

The Production Cost Statement and all accompanying schedules must be prepared in accordance with the Guidelines and instructions received from the Department.

4. Culture and Tourism Contact Information

Required reports, as specified in the previous section, should be submitted to Culture and Tourism by the grant recipient by email to the following email address:

<insert email address>

Or mailed to:

<Insert Contact>

If there are any questions with respect to these guidelines, please contact **<insert contact>** at **(insert phone number>** or email **<insert email address>**.

Appendix A: Sample Report

Accountants' Report

To: <insert production company name>

As agreed, I/we have performed the specific procedures in connection with the Production Cost Statement, the Alberta Cost Statement, the Listing of Albertans in Head of Department Positions and the amounts they were paid, and the Accounts Payable Schedule as at the end of the reporting period for the production entitled <insert title> for the period from <insert production period>. The attached Schedule: Specified Audit Procedures Findings forms an integral part of this report and summarizes the procedures performed and our findings.

I/We was/were not engaged to, and have not performed an audit or review, and accordingly I/we do not express an opinion or provide negative assurance on the Production Cost Statement and accompanying schedules referred to in the preceding paragraph.

This report is to be used solely for the information and use of <insert production company name> and for Alberta Culture and Tourism in connection with its determination of eligible Alberta costs for the production under the Alberta Media Fund Screen Based Guidelines and Submission Information and is not intended to be and should not be used by anyone other than the specified users or for any other purpose.

City, Alberta

Date

Chartered Professional Accountants

Appendix B – Specified Audit Procedures

1. Production Days and Eligible Costs

PROCEDURE:	Determine the production period, the number of Alberta production days and the first day of principal photography of the production to establish the expense eligibility period. The expense eligibility period spans the entire production period from the pre-production start date to the end of the reporting period.
NATURE AND EXTENT:	<p>Obtain a copy of the production schedule and document the production period, the number of Alberta production days and the first day of principal photography of the production (does not need to match the dollar amounts on the application per line item).</p> <p>Obtain and read a copy of the grant agreement between Alberta Culture and Tourism and the Production Company paying attention to the effective date of the agreement (i.e. the date the agreement was signed by an authorized representative of Alberta Culture and Tourism).</p> <p>Obtain and read a copy of the Alberta Media Fund Screen Based Guidelines and Submission Information (the “Guidelines”) and the Alberta Production Program Eligible Alberta Costs Worksheet (the “Eligible Costs Worksheet”) for the relevant time period (i.e. the Guidelines in effect for the production period) to establish the applicable eligible costs to apply against the grant.</p>
FINDINGS:	

2. Parties Involved in the Production

PROCEDURE:	Identify parties involved in the production, other than the Production Company, to assist in the identification of eligible Alberta costs to apply against the grant.
NATURE AND EXTENT:	<p>Obtain and read copies of all contracts related to the production to gain an understanding of other parties involved in the project, including, but not limited to:</p> <ul style="list-style-type: none"> • Alberta Media Fund Grant Agreement between the Government of Alberta and the Production Company • Assignment Agreement between the Production Company and its Lenders • Co-production Agreement between the Production Company and its Co-producers • Production Services Agreements <p>List the parties to each contract and the nature of their relationships to the Production Company.</p> <p>Conduct a Corporate Registry search and / or an internet search for each party to identify business locations / addresses for use in determining eligibility of costs</p>

	submitted by the Production Company in subsequent procedures. Document the results of the Corporate Registry and / or the internet search.
FINDINGS:	

3. Albertans in Head of Department Positions

PROCEDURE:	Ensure individuals classified as Albertan Head of Department positions meet the definition of “Albertan” per the Guidelines.
NATURE AND EXTENT:	<p>For all individuals identified as an Albertan Head of Department by the Production Company, obtain a copy of the Individual Residency Declaration form required per the Guidelines.</p> <p>Review the forms and verify the individual meets the definition of Albertan per the Guidelines.</p> <p>For those individuals identified as a Head of Department by the Production Company who do not meet the definition of Albertan per the Guidelines, determine if the Production Company obtained an advanced ruling from Culture and Tourism approving the exception.</p>
FINDINGS:	

4. Insurance

PROCEDURE:	Ensure insurance costs are prorated to the number of Alberta production days.
NATURE AND EXTENT:	<p>Obtain a copy of the invoice(s) for insurance expense and proof of payment (i.e. cancelled cheque, supplier statement, credit card, Electronic Funds Transfer (“EFT”), etc.)</p> <p>Prorate the cost of the insurance over the number of Alberta production days. Compare the pro-rated amount to the amount claimed per the Production Cost Statement and note any differences.</p>
FINDINGS:	

5. Travel Costs

PROCEDURE:	To ensure travel costs include only travel that departed and arrived in Alberta and/or airfare outside the province for an Alberta crew contracted by the Production Company to perform a service essential to the production.			
NATURE AND EXTENT:	<p>Using the monetary unit sampling technique, select a random sample of payments submitted as eligible travel costs using the following sample sizes:</p> <ul style="list-style-type: none"> For every \$100,000 claimed as eligible travel costs, select 2 transactions, to a maximum of 30 transactions in total. At a minimum, select 8 transactions claimed as eligible travel costs. <p>Obtain supporting documentation (e.g. supplier invoices, airline tickets, credit card receipts, cancelled cheques, etc.) for the selected travel costs and confirm:</p> <ul style="list-style-type: none"> The travel departed and arrived in Alberta and/or included airfare outside the province for an Alberta crew contracted by the Production Company to perform a service essential to the production If the travel does not meet the eligibility criteria contained in the Guidelines, determine if the Production Company obtained an advanced ruling from Culture and Tourism approving the exception. The travel dates fall within the expense eligibility period The amounts claimed equal the amounts per the supporting documentation The expenses were paid by agreeing payment to cancelled cheques / credit card receipts / supplier statements / EFT. <p>Provide details of sample selection and the results of testing in the table below.</p>			
FINDINGS:				
RESULTS OF TESTING				
Total Travel Costs (in \$):			Sample Size (in \$):	
			Sample Size (number of items):	
Vendor	Amount	Expense Category (per Eligible Cost Worksheet)	Meets eligibility requirements? (Y/N)	Comments

6. Living Expenses

PROCEDURE:	To ensure amounts claimed for living expenses meet eligibility requirements contained in the Guidelines.			
NATURE AND EXTENT:	<p>Using the monetary unit sampling technique, select a random sample of payments submitted as eligible living expenses using the following sample sizes:</p> <ul style="list-style-type: none"> • For every \$100,000 claimed as eligible living expenses, select 2 transactions, to a maximum of 30 transactions in total. • At a minimum, select 8 transactions claimed as eligible living expenses. <p>Obtain supporting documentation (e.g. supplier invoices, credit card receipts, cancelled cheques, etc.) for the selected living expenses and confirm:</p> <ul style="list-style-type: none"> • The amounts meet the eligibility criteria outlined on the Eligible Costs Worksheet (i.e. only receipted and consumed within Alberta) • If the living expenses do not meet the eligibility criteria contained in the Guidelines, determine if the Production Company obtained an advanced ruling from Culture and Tourism approving the exception. • The expenses claimed fall within the expense eligibility period • The amounts claimed equal the amounts per the supporting documentation • The expenses were paid by agreeing payment to cancelled cheques / credit card receipts / supplier statements / EFT. 			
FINDINGS:				
RESULTS OF TESTING				
Total Living Expenses (in \$):			Sample Size (in \$):	
			Sample Size (number of items):	
Vendor	Amount	Expense Category (per Eligible Cost Worksheet)	Meets eligibility requirements? (Y/N)	Comments

7. Salary and Fees Paid to Producers in Head of Department Positions

PROCEDURE:	To ensure amounts claimed for salaries and / or fees paid to producers in Head of Department positions do not exceed the limits contained in the Guidelines.			
NATURE AND EXTENT:	<p>Using the monetary unit sampling technique, select a random sample of payments submitted as eligible salary and / or fees paid to producers in Head of Department positions using the following sample sizes:</p> <ul style="list-style-type: none"> • For every \$100,000 claimed as eligible salaries and / or fees paid to producers in Head of Department positions, select 2 transactions, to a maximum of 30 transactions in total. • At a minimum, select 8 transactions claimed as eligible salaries and / or fees paid to producers in Head of Department positions. <p>Obtain supporting documentation (e.g. pay stubs, timesheets, supplier invoices, cancelled cheques, etc.) for the selected salary and / or fees paid to producers in Head of Department positions and confirm:</p> <ul style="list-style-type: none"> • The amounts meet the eligibility criteria outlined on the Eligible Costs Worksheet (i.e. only receipted and consumed within Alberta) • If the salaries and / or fees do not meet the eligibility criteria contained in the Guidelines, determine if the Production Company obtained an advanced ruling from Culture and Tourism approving the exception. • The salaries and / or fees claimed fall within the expense eligibility period • The amounts claimed equal the amounts per the supporting documentation • Salary and / or fees claimed are for a maximum of three Head of Department positions • The fees were paid by agreeing payment to cancelled cheques / credit card receipts / supplier statements / EFT. <p>Determine the total amount paid for salaries and / or fees to producers also employed in Head of Department positions and ensure the amounts do not exceed the limits contained in the Guidelines (i.e. total salaries and / or fees for producers in Head of Department positions do not exceed 20 per cent of the budget for the production).</p>			
FINDINGS:				
RESULTS OF TESTING				
Total Fees Paid (in \$):			Sample Size (in \$):	
			Sample Size (number of items):	
Vendor	Amount	Expense Category (per Eligible Cost Worksheet)	Meets eligibility requirements? (Y/N)	Comments

8. Amounts Paid for Eligible Albertan Labour Costs

PROCEDURE:	To ensure expenses claimed as eligible Alberta labour costs meet the criteria contained in the Guidelines and the Eligible Costs Worksheet.			
NATURE AND EXTENT:	<p>Using the monetary unit sampling technique, select a random sample of payments submitted as eligible Alberta labour costs using the following sample sizes:</p> <ul style="list-style-type: none"> • For every \$100,000 claimed as eligible Alberta labour costs, select 2 transactions, to a maximum of 30 transactions in total. • At a minimum, select 8 transactions claimed as eligible Alberta labour costs. <p>Obtain supporting documentation for the selected transactions (e.g. pay stubs, timesheets, cancelled cheques, etc.) and:</p> <ul style="list-style-type: none"> • Confirm the amounts meet the eligibility criteria outlined on the Eligible Costs Worksheet (i.e. only Albertan labour, only include taxable benefits for Alberta Labour, etc.) • For each individual, obtain a copy of the Individual Residency Declaration form required per the Guidelines • Review the forms and verify the individual meets the definition of Albertan per the Guidelines • For those individuals who do not meet the definition of Albertan per the Guidelines, determine if the Production Company obtained an advanced ruling from Culture and Tourism approving the exception. • Complete the same steps for individuals subcontracted by a supplier to the Production Company (i.e. ensure these individuals meet the definition of Albertan per the Guidelines, etc.) • Confirm the expenses claimed fall within the expense eligibility period • Ensure the amounts claimed equal the amounts per the supporting documentation • Confirm the expenses were paid by agreeing payment to cancelled cheques / credit card receipts / supplier statements / EFT. 			
FINDINGS:				
RESULTS OF TESTING				
Total Albertan Labour (in \$):			Sample Size (in \$):	
			Sample Size (number of items):	
Vendor	Amount	Expense Category (per Eligible Cost Worksheet)	Meets eligibility requirements? (Y/N)	Comments

9. Other Expenses

PROCEDURE:	To ensure expenses claimed as eligible Alberta Costs meet the criteria contained in the Guidelines and the Eligible Costs Worksheet.
NATURE AND EXTENT:	<p>Using the monetary unit sampling technique, select a random sample of payments submitted as other eligible Alberta costs (i.e. do not include insurance, travel, living expenses or Alberta labour costs) using the following sample sizes:</p> <ul style="list-style-type: none"> • For every \$100,000 claimed as eligible Alberta costs, select 2 transactions, to a maximum of 30 transactions in total. • At a minimum, select 8 transactions claimed as eligible Albertan costs. <p>Ensure transactions are selected from all major categories including “above the line”, production, post production and general expenses.</p> <p>Obtain supporting documentation (e.g. supplier invoices, credit card receipts, cancelled cheques, etc.) for the selected expenses and confirm:</p> <ul style="list-style-type: none"> • The amounts meet the eligibility criteria outlined on the Eligible Costs Worksheet (i.e. only Alberta portion of expense, only receipted in Alberta, only receipted and consumed within Alberta, only within Alberta, etc.). There is no indication that the services were subcontracted to an out of province provider as those expenses would not be eligible. • The expenses claimed fall within the expense eligibility period • For those expenses that do not meet the eligibility criteria per the Guidelines and/or the Eligible Costs Worksheet, determine if the Production Company obtained an advanced ruling from Culture and Tourism approving the exception • For expenses claimed as eligible because the good or service was essential to the production and not available in Alberta, review documented proof or advance ruling from the AMF. • The supplier is an Alberta company by conducting an internet search to confirm the supplier’s address • Items purchased from other parties to the production meet the eligibility criteria outlined on the Eligible Costs Worksheet (i.e. only Alberta portion of expense, only receipted in Alberta, only receipted and consumed within Alberta, only within Alberta, etc.) • The amounts claimed equal the amounts per the supporting documentation • The expenses were paid by agreeing payment to cancelled cheques or credit card receipts.
FINDINGS:	
RESULTS OF TESTING	
Total Other Costs (in \$):	Sample Size (in \$): Sample Size (number of items):

Vendor	Amount	Expense Category (per Eligible Cost Worksheet)	Meets eligibility requirements? (Y/N)	Comments