

Post-Secondary Education and Skills Training

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Executive summary

This chapter sets out the results of our audits for the year ended June 30, 2000 of the Apprenticeship and Trade Certification Commission and of the Carlton Trail Regional College. Both entities had reliable financial statements. The Commission complied with the authorities we examined. For the College, the chapter reports on four areas where the College needs to make improvements—measuring and reporting on its performance, developing rules and procedures to ensure it has accurate financial information, reporting on its financial activities throughout the year, and submitting its budget to the Minister on time.

The chapter also notes that *Saskatchewan Institute of Applied Science and Technology's 2000 Annual Report* has improved significantly from its prior reports by providing better information to help assess its performance.

Introduction

The Department of Post-Secondary Education and Skills Training is responsible for developing and implementing policies for post-secondary education and skills training. This responsibility includes: overseeing operations of the institutions that deliver post-secondary education to ensure they meet public policy objectives and administering and regulating training and apprenticeship programs.

This chapter sets out the results of our audits for the year ended June 30, 2000 of two Crown agencies for which the Department is responsible—the Saskatchewan Apprenticeship and Trade Certification Commission and the Carleton Trail Regional College. It also sets out the results of our review of Saskatchewan Institute of Applied Science and Technology's (SIAST) Annual Report for the year ended June 30, 2000.

Chapter 5 of our 2000 Fall Report – Volume 3 contained the results of our other 2000 audits of the Department, of its various Crown agencies, and of its special purpose funds. This includes Saskatchewan Communications Network Corporation, SIAST, Northlands College, South East Regional College, Student Aid Fund, and Training Completions Fund.

Audit conclusions and findings

In our opinion:

- ◆ **The financial statements for the year ended June 30, 2000 are reliable for the Saskatchewan Apprenticeship and Trade Certification Commission and for the Carlton Trail Regional College.**
- ◆ **The Saskatchewan Apprenticeship and Trade Certification and the Carlton Trail Regional College complied with authorities governing their activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing except for the matter reported in this chapter related to the Carlton Trail Regional College.**

- ♦ **The Carlton Trail Regional College had adequate rules and procedures to safeguard and control its assets except for the matters reported in this chapter.**

The following sections set out our detailed findings for the Carlton Trail Regional College and the results of our review of SIAST's annual report for the year ended June 30, 2000.

Carlton Trail Regional College

Chapter 4 of our 2000 Spring Report included four recommendations related to Carlton Trail Regional College (College). This section reports on the progress the College has made on each of these four recommendations. The Standing Committee on Public Accounts (PAC) concurred with our first recommendation set out below in February 1998. PAC has not yet discussed the remaining three recommendations.

Performance measurement and reporting needs improving

We continue to recommend that the College improve the reports used by its board of directors to monitor the College's performance.

Chapter 1 of our 2000 Spring Report set out three principles for performance reporting and seven additional attributes. See Exhibit 1 at the end of this chapter for further details. Good performance reporting depends upon on good planning.

During 1999-2000, the College continued its work on identifying key performance measures and on developing systems to track information on them. These steps will help the College improve the information that it can provide to its Board, the Department, the Legislative Assembly, and the public that will help them judge its performance.

Written rules and procedures required

The College has not updated its written policies and procedures to ensure it has accurate financial information.

Proper written rules and procedures reduce the risk of errors, of fraud, of breakdowns in control, and of unauthorized transactions. Complete, written rules and procedures help assure the College that it has accurate financial information for decision-making. In addition, they help ensure procedures are done consistently, particularly when staff is new or when staff change.

During 1999-2000, the College examined its capital assets to verify their existence. It updated its detailed listing of capital assets accordingly. However for the reconciliations prepared in the year, management did not independently review and approve them to ensure their accuracy and completeness. Also, the College did not ensure all entries recorded in its accounts were properly authorized and accurate. It did not:

- ♦ always correctly reconcile the amount of cash recorded in its accounting records to the bank's records;
- ♦ reconcile the amount of capital assets recorded in its accounting records to its detailed listing of capital assets; and
- ♦ regularly agree the amount owed to the College recorded in its accounting records to the detailed records of amounts owed to the College.

The College needs to carry out these procedures to ensure its financial records are complete and accurate.

1. We continue to recommend that management at Carlton Trail Regional College prepare written rules and procedures to ensure:

- ♦ **the College properly authorizes and records transactions; and**
- ♦ **its senior management reviews and approves key reconciliations of accounting records.**

Management told us that the College started a complete review of policy and procedures in June 2000 to address the above concerns. It told us that it has adopted procedures for reconciling its bank accounts.

Financial reporting needs improving

Boards need timely and useful information to carry out their stewardship responsibilities throughout the year.

Useful financial information is prepared in accordance with generally accepted accounting principles. The financial information would include: what the College owns, what it owes and the balances in its various funds, comparison of actual results for the period with those planned, and explanation of differences between planned and actual results.

The College's interim financial reports have not improved from the prior year. The interim financial reports did not show what it owed and what it owned, or include an income statement in the same format as the external financial statements, or compare budget to actual and explain variances.

- 2. We continue to recommend that the College use generally accepted accounting principles to prepare its financial reports throughout the year.**

Non-compliance with *The Regional Colleges Act*

Under *The Regional Colleges Act*, the College was required to submit its 1999-2000 budget to the Minister of Post-Secondary Education and Skills Training by May 31, 1999. It submitted its budget on July 14, 1999. The College was also late in submitting its 2000-2001 budget. The Minister received the 2000-2001 budget on June 29, 2000.

- 3. We continue to recommend that the College submit its budget to the Minister of Post-Secondary Education and Skills Training by the date required by law.**

SIAST

Annual report improving

We reviewed SIAST's annual report for the year ended June 30, 2000 to determine if it provides good information to assess its performance.

Chapter 1 of our 2000 Spring Report set out the principles for performance reporting. These principles provide guidance on the content of good annual reports to help ensure they provide good information on the entity's performance. We assessed SIAST's 2000 annual report against these principles. See Exhibit 1.

We found that SIAST's 2000 annual report improved significantly from its prior annual reports. It provides information on what SIAST tried to achieve. It clearly sets out SIAST's key financial performance targets and explains the differences between SIAST's planned and actual results for these targets. But like most public sector organizations, SIAST's 2000 annual report needs to provide clearer information on its other key performance targets and measures used to measure the achievement of its objectives (operational performance targets and measures). It needs to compare SIAST's actual results against these measures.

SIAST told us that it is actively developing its key operational performance targets and measures in conjunction with the development of the Department of Post-Secondary Education and Skills Training's sector plan. It also told us that it plans to report on these once they are determined and approved, and it has gathered appropriate information on them.

We note SIAST's 2000 Annual Report was made public in December 2000. In 2000, the time requirements to table reports changed in *The Tabling of Documents Act, 1991*. The changes require SIAST to prepare its 2001 annual report by September 27th. SIAST has committed to meet this deadline for its 2001 annual report.

We look forward to continued improvements to SIAST's annual report.

Exhibit 1 – Principles for performance reporting

- 1. Performance information should be relevant**
 - ◆ it relates to the stated objectives of the agency and its strategies and programs, and enables an assessment of the extent to which the objectives are being achieved;
 - ◆ it is reported in sufficient time to influence decisions;
 - ◆ it measures something that is significant in that it is used in forming assessments and judgements; and
 - ◆ it is aggregated at an appropriate and meaningful level.
 - 2. Performance information should be reliable**
 - ◆ it is neutral and fair, in that judgements made on performance by users are not influenced by the way information is provided;
 - ◆ it is reasonably accurate and complete—that is, free from material error or omissions; and
 - ◆ it is capable of being replicated or verified by independent and knowledgeable observers.
 - 3. Performance information should be understandable**
 - ◆ it provides the minimum level of detail needed to enable users to gain a proper understanding of the activities and performance;
 - ◆ it focuses on a small set of key performance measures;
 - ◆ it explains the context as to what happened and why it happened, to enable users to judge whether performance is improving or declining; and
 - ◆ it includes comparative information from similar agencies and information regarding best practice, to provide users with a frame of reference for assessing performance.
- Additional attributes: Performance reports should:**
- ◆ include an assessment of the effectiveness of the control established to help achieve objectives;
 - ◆ be focused on results and achievements;
 - ◆ report in the context of expectations (plans);
 - ◆ be complete and unbiased (i.e., cover both successes and shortcomings);
 - ◆ attribute achievements to activities (how activities contribute to results);
 - ◆ relate costs to results; and
 - ◆ explain strategies, risks and context.

Source: Adapted from *Principles for Building a Public Performance Report – A discussion paper from Canada's legislative audit community*, 1999, CCAF, Ottawa.