Learning

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Main points

Learning is a lifelong process. It is our key to success in school and in life. The Department of Learning has overall responsibility for the learning sector.

The Department continues to move forward in improving public information about the learning sector and its plans for the sector. In addition, it is using new processes to gather information on vulnerable students. These actions will help the Department to provide better information on its performance in the future.

School divisions are key partners of the Department. They play a central role in the delivery of pre-kindergarten to Grade 12 education. We continue to recommend the Department take steps to ensure school divisions provide the Department and the public with timely and improved information on their performance (both financial and non-financial).

One of the Department's key responsibilities is to develop and maintain the provincial curriculum for kindergarten to Grade 12. The curriculum guides what these students are taught and when. The Department works with school divisions to implement the curriculum.

The Department continues to need to improve how it documents the resources needed to implement revised curriculum. In addition, the Department is improving how it monitors action on its curriculum evaluation recommendations.

The rising costs of post-secondary education place increased pressures on student financial assistance programs. It is important that only eligible students receive aid in the correct amounts. The Department is taking steps to address our concerns on its processes to verify critical information on student loans.

Introduction

The Department of Learning has overall responsibility for the learning sector. This sector includes programs and services for early childhood development, pre-kindergarten to Grade 12 (K–12) education, technical training and post-secondary education, and public libraries.

Its responsibilities are set out primarily in *The Education Act, 1995*, *The Department of Post-Secondary Education and Skills Training Act, 2001*, and *The Public Libraries Act, 1996*.

Related special purpose funds and agencies

At March 31, 2004, the Department was responsible for the following special purpose funds and agencies:

	Year-end
Education Infrastructure Financing Corporation	March 31
Saskatchewan Correspondence School Revolving Fund	March 31
Saskatchewan Student Aid Fund	March 31
School Division Tax Loss Compensation Fund	March 31
Training Completions Fund	March 31
Prince of Wales Scholarship Fund	March 31
University of Regina	April 30
University of Saskatchewan	April 30
Carlton Trail Regional College	June 30
Cumberland Regional College	June 30
Cypress Hills Regional College	June 30
North West Regional College	June 30
Northlands College	June 30
Parkland Regional College	June 30
Prairie West Regional College	June 30
Southeast Regional College	June 30
Saskatchewan Apprenticeship and Trade Certification Commission	June 30
Saskatchewan Institute of Applied Science and Technology (SIAST)	June 30
Teachers' Superannuation Commission	June 30

Financial overview

Each year, the programs and services within Learning sector cost over $2 billion. The following sources pay for most of these programs and services. Each year, the Provincial Government provides over $1 billion through the General Revenue Fund, taxpayers provide almost $700 million through property taxes, the Federal Government provides over $100 million primarily through cost-sharing arrangements, and students provide over $400 million primarily through tuition fees.

As set out in its *Annual Report 2003–2004* (2003-04 Annual Report)*,* the Department raised revenues of about $61 million and spent about $1.2 billion. The report is available at http://www.sasked.gov.sk.ca. Table 1 details the Department's spending. The 2003-04 Annual Report sets out the reasons for the major differences between its actual financial results and the estimates.

Table 1

	Original Estimates 2003-04[1]	Actual 2003-04
	(in millions of dollars)	
Administration	$ 6.2	$ 5.9
Accommodation and central services	7.9	7.9
Capital grants from centenary funding	9.7	9.7
Early Childhood Development	3.0	2.8
K–12 Education	551.7	584.8[2]
Post-Secondary Education	358.3	406.4[3]
Provincial Library	8.5	9.6
Student Support programs	74.7	67.3
Teachers' Pensions and Benefits	108.3	133.6[4]
Training programs	46.8	48.6
	$ 1,175.1	$ 1,245.8

[1] Saskatchewan Finance, *Saskatchewan Estimates 2003-04* for Learning (Vote 5) and the amount of Centenary Fund (vote 70) assigned to Learning.
[2] Includes $30.1 million of capital projects to school divisions financed through Education Infrastructure Financing Corporation.
[3] Includes $49.2 million of capital projects to post-secondary institutions financed through Education Infrastructure Financing Corporation.
[4] The actual amount for Teachers' Pensions and Benefits is restated. The amount is adjusted for the $11 million overstatement of pension costs. For description of error, see section on "Reporting of pension and capital costs" later in this chapter.

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Each year, the Legislative Assembly receives the annual report including the audited financial statements of each agency and the audited financial statements of each special purpose fund listed above. Table 2 summarizes the total revenues and assets of each and sets out the amount of revenues each received from the General Revenue Fund (GRF) for the current year.

Table 2

Fund or agency	2004 Total revenues	2003 Total revenues	2004 Total Assets held	2004 Revenues from GRF	2003 Total assets held
	(Actual in millions of dollars)				
Education Infrastructure Financing Corporation	$ NA	$ 0.57	$ NA	$ NA	$ 38.6
Prince of Wales Scholarship Fund	0*	0*	0*	0*	0*
Regional Colleges (combined)	47.98	49.68	36.34	16.00	32.16
Saskatchewan Apprenticeship and Trade Certification Commission	10.65	10.36	0.91	9.8	0.76
Saskatchewan Correspondence School Revolving Fund	1.38	1.39	0.52	044	0.51
Saskatchewan Learning Resources Distribution Centre Revolving Fund	0	(0.72)	0	0	0
Saskatchewan Student Aid Fund	42.26	26.81	99.11	31.48	103.91
School Division Tax Loss Compensation Fund	2.88	1.44	6.20	0	4.50
SIAST	139.22	136.21	51.37	98.20	45.94
Training Completions Fund	0.05	0.07	0.43	0	0.43
Teachers' Superannuation Plan	316.62	75.01	1646.00	74.90	1578.51
University of Regina	165.68	145.90	257.31	76.00	219.75
University of Saskatchewan	566.60	532.40	1,066.36	231.10	985.45

Source: 2003 and 2004 Audited financial statements of each unless otherwise stated.
NA – audited information not yet available
* – The Prince of Wales Scholarship Fund had revenues of $5,977 (2003 - $2,500) and held assets of $1,227 (2003 - $0) at March 31, 2004.

Audit conclusions and findings

In this section, we report the results of our 2004 audits of the Department, the five special purpose funds, three of the eight colleges (i.e., Cypress Hills, North West, and Prairie West), the Saskatchewan Apprenticeship and Trade Commission, SIAST, and Teachers' Superannuation Commission.

It does not include the results for the 2004 audit of the Education Infrastructure Financing Corporation because the audit is not yet

complete. The Corporation has not presented final financial statements for audit. We will report on the results of this audit in our next report.

In our opinion for the fiscal years ended on or before June 30, 2004:

♦ **the Department and the agencies listed in the preceding paragraphs had adequate rules and procedures to safeguard public resources except for the matters reported in this chapter;**

♦ **the Department and the above-listed funds and agencies complied with authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing and investing except for matters on the Student Aid Fund reported in this chapter; and**

♦ **the 2004 financial statements of the above listed funds and agencies are reliable.**

Since 1998-99, we audit colleges on a cyclical basis. We work with the appointed auditor of each of these colleges to carry out the audits. We require the appointed auditors of the other five colleges that are not in rotation to provide us with their audit reports that set out the results of their audits. We review these reports and have discussions with related departmental officials to identify significant matters for these Colleges. If so, we work with the related appointed auditors on these matters. For SIAST, we carry out the audit jointly with the appointed auditor.

The following table sets out the appointed auditor for each of these agencies. We use the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors.* The auditors of the other five colleges did not report any new matters for the colleges they audited.

Crown agency	Appointed auditor
SIAST	Deloitte & Touche LLP, Chartered Accountants
Cypress Hills	Meyers Norris Penny LLP, Chartered Accountants
North West	Downie Johnson Svenkeson, Chartered Accountants
Prairie West	Gilchrist & Co., Certified Management Accountants

Findings—Department

In this section, we provide an update on the status of previously reported recommendations.

Monitoring vulnerable students

Since 1999, we have encouraged the Department to take a leadership and coordinating role to improve the monitoring of the movement of vulnerable children between schools and education systems[5]. We noted the Department needed better information on attendance and progress of students. It needed this information to help ensure educational services and funding are appropriate.

As set out in table 3, the Department has worked with its partners to identify workable solutions. In the 2003-04 school year, the Department implemented a provincial student tracking system (i.e., student data system). Information captured in the system helps identify the number of students not in school. This enables schools and the Department to find out why these students are not in school and decide how best to meet their specific needs for education.

Table 3

> In February 2001, the Department released a report entitled *Task Force and Public Dialogue on the Role of the School: SchoolPLUS A Vision for Children and Youth*. One of the 97 recommendations was "That a determined and well funded intervention strategy be developed by the province to address the situation of Hidden Youth".[6]
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> In the report *Securing Saskatchewan's Future – Ensuring the Wellbeing and Educational Success of Saskatchewan's Children and Youth*, released in February 2002, the Department noted the above recommendation was key and required priority focus and action. It noted that the Government, together with its partners, would develop a strategy to address the issues of hidden youth. This included the implementation of a new student data system with the capacity to identify and track student enrolment, movement and retention[7].

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[5] Chapter 2, Office of the Provincial Auditor, *1999 Fall Report – Volume 2,* pp.121- 132.
[6] Hidden youth refers to those children not in school.
[7] Pp.12, *Securing Saskatchewan's Future – Ensuring the Wellbeing and Educational Success of Saskatchewan's Children and Youth Provincial Response – Role of the School Task Force Final Report*; February 2002.

Monitoring provincial training allowances

In Chapter 4 of our 2003 Report – Volume 3, we reported that the Department needed better processes to ensure only eligible persons receive provincial training allowances in the correct amount. We recommended that the Department set out the rate of incorrect payments for the Provincial Training Allowance program that it will accept and use procedures that prevent/detect incorrect payments to meet the pre-established rate.

The Standing Committee on Public Accounts concurred with our recommendation in June 2004.

During the year, the Department provided $18.5 million (2002-03: $19.9 million) under the provincial training allowance program. As in prior years, it identified that it made significant overpayments. It recovered a portion of these overpayments by reducing future payments to recipients or taking other steps where it was no longer making payments to the recipient. In most cases, the recipients have limited financial resources and recovery of overpayments is difficult. At March 31, 2004, the Department has $3.6 million of overpayments not yet recovered (2003 - $3.2 million). The Department estimates that it will not recover 76% of this amount (2003 - 74%).

In July 2004, the Department approved an acceptable rate of incorrect payments. It agreed to accept a maximum rate of 5.0% with corrective actions to reduce to a maximum of 4% within the next 24 months. It is reviewing its current experience against this rate to determine the necessary adjustments to its processes.

Reporting performance

Performance reporting includes reporting on results against previously established objectives. As such, performance reporting involves timely sharing of plans.

Since 1998, our Office has made four key recommendations related to better reporting on performance. The Standing Committee on Public Accounts discussed these recommendations in the past and agreed with

them. The following sets out the status of each of these recommendations.

Explaining accountability relationships

We continue to recommend that the Department provide legislators and the public with a clear concise description of the accountability relationships between the Department and key provincial educational agencies.

The Department needs to continue to improve its description of the accountability relationships between the Department and the key provincial agencies within the learning sector. As the Government's guidelines for performance planning indicate,

> a description of the accountability relationships within the sector clearly delineates the key roles and responsibilities of the Government and its key public sector partners (this includes the Minister, the department and each partner)[8].

The Learning sector is large and complex. Over 20 laws govern the accountability relationships between the Department and the agencies within the sector. Relationships within the sector vary.

In some cases, the agency is directly accountable to the Legislative Assembly, while in others they are not. In some, Cabinet appoints the board, and the Department approves the agency's business plan and directly holds it accountable for the achievement of the plan (e.g., regional colleges). While in others, Cabinet appoints part or none of Board (e.g., universities, school divisions). In these cases, the Board is elected (either in full or in part). Typically, these agencies must obtain the Department's approval of key activities, such as borrowing (e.g., universities) or building (e.g., school divisions).

The diversity in these different arrangements makes it hard for legislators and the public to understand who is accountable to whom and for what. A clear and common understanding is critical for the successful implementation of a plan.

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[8] Government of Saskatchewan, *Accountability Framework, Planning Guidelines*, Performance Management Branch, Department of Finance, p.18.

In the 2004-05 Performance Plan, released in March 2004, the Department provides legislators and the public with better information about its accountability relationships with school boards, post-secondary institutions, and libraries. In addition, in its 2003–04 Annual Report, the Department clearly describes the Funds it manages.

While the information is better, more work remains. The descriptions provided do not describe the key roles and responsibilities of the Government and each of its key public sector partners. Legislators need this description to help them understand and properly assess the Department's and the sector's success.

Improving sector planning and reporting

We continue to recommend that the Department report publicly against its approved sector-wide plan.

The Department continues to improve public reporting of its plans and results. In March 2004, the Department published its performance plan for the learning sector for 2004-05. As shown in table 4, this plan sets out the goals and objectives for the Saskatchewan learning sector. The plans of the various agencies within the Learning sector include the identified sector-wide performance measures. In addition, they are working with the Department to develop the remaining measures and performance targets.

Table 4 – 2004-05 Performance Plan for Saskatchewan's learning sector

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Goal #1: Learners succeed
   Objectives:
   - ♦ Optimize children's "readiness to learn"
   - ♦ Enhance learner outcomes
   - ♦ Deliver high quality curriculum programs and services
   - ♦ Provide access to information and resources

Goal #2: A seamless continuum of formal and informal learning opportunities
   Objectives:
   - ♦ Support labour market preparedness
   - ♦ Support co-ordinated and aligned sector planning and operations

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Goal #3: Inclusiveness
    Objectives:
    ♦   Increase the participation of Aboriginal people in sector
         programs and services
    ♦   Increase the participation of low-income individuals in post-
         secondary education and training
    ♦   Meet the requirements of individuals with special needs
    ♦   Support the education and training of Saskatchewan's official
         minority language community

Goal #4: Social and economic development
    Objectives:
    ♦   Ensure a skilled labour force
    ♦   Expand research and development
    ♦   Strengthen community capacity.

Source: 2004-2005 Saskatchewan Provincial Budget, Performance Plan,
Saskatchewan Learning

We commend the Department for publishing a plan for the entire Learning sector. This plan will enable the Department to coordinate and monitor the efforts of the entire sector. In addition, Saskatchewan sector-wide learning performance measures will enable the Department to work with other provinces to develop Canada-wide accepted measures.

In its 2003–04 Annual Report, the Department started to report on its results against its previously reported plan. It notes future annual reports will report its results against the sector performance plan.

Also, the Department routinely makes other reports containing key information on its sector available on its web site. For example, the *2002 Saskatchewan Education Indicators–Kindergarten to Grade 12* published in June 2003 presents provincial data for the K–12 education. It includes data collected from school divisions as part of the provincial indicators and school assessment indicators[9] programs. The Department generally publishes these reports every second year. In between, it makes the assessments available on its web site.

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[9] The school assessment indicators program is a cyclical program of pan-Canadian assessments of student achievement in mathematics, reading and writing, and science.

Requiring performance reporting by school divisions

We continue to recommend that the Department work with school divisions and other stakeholders to set public reporting requirements for school divisions' performance in achieving the Goals of Education.

The Department needs to continue its work with school divisions in this area. Currently, most school divisions do not report publicly on their performance. During 2003-04, the Department furthered its activities to improve the performance reporting of school divisions. Since 2001, it has worked with volunteer school divisions to improve their capacity to report on their performance. Although the Department has not required all school divisions to take part, it expects all school divisions to do so by 2005-2006.

Improving financial reporting by school divisions

We continue to recommend that the Department set financial reporting requirements for school divisions consistent with those recommended by The Canadian Institute of Chartered Accountants (CICA) for the public sector.

Unlike municipalities and provincial libraries, school divisions do not use generally accepted accounting principles as recommended by the CICA (GAAP) to prepare the financial statements they make available to the public and the Department. Use of GAAP helps ensure financial statements provide reliable and comparable financial information for decisions. GAAP are best practice. GAAP changes over time to reflect the needs of users of financial statements.

The Department works with the Saskatchewan Association of School Business Officers (SASBO). With SASBO, it assesses the quality of the divisions' financial statements and helps them improve their financial reporting. The Department supports the accounting policies developed by SASBO. These policies reflect most of GAAP, but not all. For example, SASBO policies do not provide guidance on accounting for government transfers and defining a division's accounting reporting entity. School divisions follow these policies to prepare their financial statements. SASBO does not have plans in the near term to change its accounting policies.

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Reporting of pension and capital costs

Due to the use of Treasury Board's accounting policies, the Department has not properly reported its costs.

The Department follows policies set by Treasury Board to prepare its financial plan and to account for its activities. In our audit report on the 2004 financial statements of the General Revenue Fund[10], we continue to report that Treasury Board does not use appropriate policies to account for pension costs. As a result for the year ended March 31, 2004, the Department overstates the amount of teachers' pension and benefit costs of $124.5 million reported in its annual report by $11 million (2003 - $11 million) and understates the amount it owes for teachers' pensions by $2.49 billion (2003 - $2.50 billion).

In the prior year, we reported that the Department did not properly account for certain capital projects. At year-end, Treasury Board corrected its policy for accounting for these capital projects. However, at the direction of Treasury Board, the Department incorrectly recorded both its 2003 costs of $38 million and 2004 costs of $40.4 million as 2004 costs. As a result, the Department overstates its 2004 costs of post-secondary capital projects reported in its annual report by $30.9 million and K–12 Education school capital by $7.1 million.

Findings—Student Aid Fund

Verifying critical information

The Department needs to verify critical information on student loan applications.

During the year, the Department approved approximately 16,000 student loans (2003 - 16,000 loans) for approximately $59 million (2003 - $56 million). Also, the Department paid debt reduction benefits to students and incurred other costs of $31 million (2003 - $28 million). These debt reduction benefits and other costs depend on the amount of loans awarded to students. When the Department approves loans to students in

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[10] *Public Accounts 2003-04: Volume 1: Main Financial Statements*, Auditor's Report [on the General Revenue Fund], pp 11 – 12.

excess of the amount they are entitled, these debt reduction and other costs increase.

By not verifying all critical information, the Department may incur unnecessary costs and may not comply with the regulations that govern student assistance. The Department must decide which applicant information to verify before approving loans and which information to verify at a later date. Sufficient and timely verification of critical information reduces the Department's risk of incurring significant additional costs and of not complying with the regulations. Verifying critical information on student loan applications ensures only eligible students receive aid and that the amount of aid they receive is correct. The Department must balance its costs to verify applicant information with the need to provide students with timely financial assistance.

At year end, the Department did not have adequate processes to verify information on: the number of dependants, single parent status, receipt of day care allowances, amount of scholarship funds, the value and existence of vehicles, and whether the applicant is a resident of the Province. Because the Department did not have processes to verify this information and it is not practical for us to do so, we are unable to report the extent to which students received incorrect amounts of aid.

We have reported this matter for several years. The Standing Committee on Public Accounts concurred with this recommendation in March 2001, April 1999, and December 1996.

We continue to recommend that the Department verify critical information on student loan applications.

After year end, the Department shared with us the results of its risk assessment on verification of critical student loan application information. The Department found that only two of the seven types of information that we consider not adequately verified had a relatively high risk of significant monetary loss. For these areas, the Department is developing processes to verify the related information on a timely basis. Also, the Department expects its new student financial assistance system will facilitate the verification of student loan application information. In our future audits, we will examine the Department's risk assessments and the progress it makes with its new system.

Findings—Colleges

As previously stated, we were involved in the 2004 audits of Cypress Hills, North West, and Prairie West Regional Colleges. The other five regional colleges are in a similar situation to these for the following matter.

Performance management and reporting improving

Since 1996, we have recommended that regional colleges improve the reports used by their boards to monitor the colleges' performance. In February 1998, the Standing Committee on Public Accounts concurred with our recommendation.

Over the past few years, the colleges have made good progress in how they measure and report on their performance. The colleges and the Department have agreed on a set of performance measures that are common to all colleges (i.e., core measures). In addition, each college has set additional performance measures that relate specifically to its own business plan. Each have begun using these measures to report its results to the Legislative Assembly.

In common with others in the Learning sector, the colleges along with the Department are setting targets for the core measures, determining baseline results, and collecting the necessary information.

Maintaining and evaluating curriculum—two follow-ups

The Department is responsible for the overall quality of the Kindergarten to Grade 12 education system in Saskatchewan. It is also responsible to develop and maintain the provincial curriculum. The curriculum guides what students are taught and when. The Department works with school divisions to implement the curriculum.

We previously reported on two audits related to how the Department ensures the provincial curriculum reflects the knowledge and skills that people need. In this section, we report management's actions to improve processes in response to our previous recommendations.

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Maintaining a relevant curriculum

During 2000 to 2001, we audited the Department's processes to maintain the relevance of the core curriculum. In Chapter 4B of our 2001 Spring Report, we report that the Department had adequate processes to maintain the relevance of the core curriculum, except in one area. We were unable to determine if the Department used information about resources to maintain the curriculum.

The education system needs resources to make the transition to a new or revised curriculum and deliver it on an ongoing basis. Resources include teacher training, teacher aids, books, equipment, Internet access, etc. The Department must consider the resources needed so that all schools can implement the revised curriculum successfully. We recommended that the Department improve how it documents its use of information about resources in its curriculum maintenance processes. On November 1, 2001, the Standing Committee on Public Accounts agreed with this recommendation.

In Chapter 11A of our 2002 Fall Report – Volume 2, we noted that the Department had begun to improve how it documented its use of information about resources. We said the Department needed to integrate information about resources into the regular practices of all units that work to maintain the curriculum.

In October 2004, we again assessed the Department's progress. The Department told us it had adopted improved processes. It plans to use a policies and procedures manual to integrate these improvements into its regular practices.

The Department gathers information about the resources required to implement the revised curriculum. For example, committee minutes, surveys, and teacher-workshop evaluations show that it collects information about the required resources. However, the Department does not yet document an analysis of the collected information or outline, in writing, the minimum resources required to implement the revised curriculum in all schools.

Without this information, it is more difficult for the Department to assess if all schools can implement the revised curriculum promptly and with

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reasonable ease. The Department makes the curriculum flexible so schools have options for when and how they implement the curriculum. However, the Department needs a clear picture of the overall resources required to implement the revised curriculum in a timely way.

Responding to evaluations of the curriculum

In 2002, we audited the Department's processes to respond to evaluations of its curriculum. In Chapter 11B of our 2002 Fall Report – Volume 2, we report that the Department adequately followed up on recommendations in curriculum evaluation reports with one exception. The Department's monitoring of action and reports of progress did not extend to specific recommendations.

We recommended that the Department establish processes to monitor action taken and report progress achieved on each specific curriculum evaluation recommendation. On June 30, 2004, the Standing Committee on Public Accounts agreed with this recommendation.

In October 2004, we assessed the Department's response to the audit recommendation. Some parts of the Department now monitor the status of outstanding curriculum evaluation recommendations and provide internal reports (e.g., annually). This practice is not yet consistent throughout the Department.

The Department works with its partners to respond to curriculum evaluation recommendations. It shares the status of recommendations with partners such as school divisions. For example, the Department sends school divisions written reports outlining planned action on specific recommendations (e.g., arts education recommendations).

The Department told us it is changing its evaluation practices. The Department intends to focus more on performance and outcomes, rather than detailed examinations of processes. This will change the nature of the curriculum evaluation recommendations it receives. We anticipate that the Department will continue to improve its processes to monitor progress on individual recommendations.

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