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## Main points

The Department of Learning (Department) needs to review the accuracy of payroll prior to paying employees. Lack of prior review of payroll accuracy increases the risk that employees may be paid incorrect amounts without timely detection.

The Department needs to follow its procedures for ensuring only authorized staff have access to its systems and data.

## Introduction

In April 2006, the Government restructured the Department of Learning into two new departments: the Department of Learning and the Department of Advanced Education and Employment.

The Department of Learning (Department) has responsibility for the programs and services for early learning and child care, pre-kindergarten to Grade 12 education, public libraries, and literacy.

Its responsibilities are set out primarily in *The Education Act, 1995*, *The Child Care Act*, and *The Public Libraries Act, 1996*.

### Related special purpose funds and agencies

At March 31, 2007, the Department was responsible for the following special purpose funds and agencies:

	<u>Year-end</u>
Technology Supported Learning Revolving Fund	March 31
School Division Tax Loss Compensation Fund	March 31
Prince of Wales Scholarship Fund	March 31
Teachers' Superannuation Commission	June 30

### Financial overview

As set out in Table 1, the Department spent over \$978 million in 2006-07.

**Table 1**

	Estimates 2006-07 <sup>1</sup>	Actual 2006-07
(in millions of dollars)		
Central Management and Services	\$ 11.7	\$ 12.1
Pre-K -12 Education	600.2	635.9
Early Learning and Child Care	30.1	28.9
Curriculum and E-Learning	4.5	4.7
Literacy	2.5	2.6
Provincial Library	9.4	9.3
Education Property Tax Relief	107.9	106.3
Teachers' Pensions and Benefits	138.7	177.3
Capital Asset Acquisitions	---	(0.2)
Capital Asset Amortization	1.2	1.2
	<u>\$ 906.2</u>	<u>\$ 978.1</u>

In 2006-07, the Department had revenues of \$8.6 million of which 90% came from the Federal Government.

The Department's *2006-07 Annual Report* sets out the reasons for the major differences between actual financial results and the estimates. ([www.sasked.gov.sk.ca](http://www.sasked.gov.sk.ca)).

## Audit conclusions and findings

We have completed the 2007 audits of the three special purpose funds (i.e., Technology Supported Learning Revolving Fund, School Division Tax Loss Compensation Fund, and Prince of Wales Scholarship Fund). For each of the special purpose funds, we found the financial statements to be reliable and each complied with the law.

We have not included the results of our audit of the Teachers' Superannuation Commission (TSC). We have not completed this audit because TSC has not yet finalized its financial statements.

<sup>1</sup> Saskatchewan Finance, *2006-2007 Saskatchewan Estimates*. The Estimates total does not include the additional \$37.473 million authorized through the *Saskatchewan Supplementary Estimates* for Learning (Vote 5) and a statutory adjustment.

At the date of this report, we have not yet completed the audit of the Department. We are still examining the payment processes for the Education Technology Consortium projects.

This is an interim report for the Department. If there are further matters to report upon completion of the audit, they will be reported in a future report.

## **Better control over employees' pay needed**

The Department needs to better control employees' pay.

During the year, the Department reviewed its payroll costs during its review of monthly financial reports. However, the Department did not adequately review the accuracy of key payroll data for each pay period prior to paying employees. As a result, employees' pay has not been approved in accordance with *The Financial Administration Act, 1993*.

This weakness increases the risk that employees may be paid incorrect amounts.

- 1. We recommend that the Department of Learning adequately review the payroll for accuracy prior to paying its employees to ensure that all employees' pay is approved in accordance with *The Financial Administration Act, 1993*.**

## **User access**

The Department needs to follow its procedures for ensuring only authorized staff have access to its systems and data.

The Department has adequate procedures for removing user access to its systems and data. However, the Department did not follow its established procedures. During the audit, we reviewed access for all employees on the MIDAS HR system. We found three employees where the Department had not removed access on a timely basis. For the Student Data System, user accounts are inactivated if the account has had no activity for at least one school year. The Department did not remove access on a timely basis for one employee. The employee's account had been inactive since January 2005.

Without following its established procedures for removing user access, the Department cannot ensure that only authorized individuals have access to systems and data.

- 2. We recommend the Department of Learning follow its established procedures for user access to its systems and data.**

## **Reporting of incorrect pension costs**

With the continued use of Treasury Board's accounting policies, the Department has not reported its costs of teachers' pensions properly.

The Department follows policies set by Treasury Board to prepare its financial plan (Estimates) and to account for its activities. In our audit report on the 2007 financial statements of the General Revenue Fund<sup>2</sup>, we continue to report that Treasury Board does not use Canadian generally accepted accounting policies for the public sector to account for pension costs.

As a result, for the year ended March 31, 2007, the Department understated the amount of teachers' pension and benefit costs reported in its annual report by \$235 million (2006 - understated by \$55 million) and understated the amount it owes for teachers' pensions by \$2.84 billion (2006 - \$2.61 billion). We report this concern in our report on the Department of Finance.

## **Status of other outstanding recommendations of the Standing Committee on Public Accounts**

The following table provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented and are not discussed earlier in this chapter.<sup>3</sup>

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<sup>2</sup> *Public Accounts 2006-07: Volume 1: Main Financial Statements*, Auditor's Report [on the General Revenue Fund]. pp. 11-12.

<sup>3</sup> For the definitions of the key terms used in the table, see Chapter 25 – Standing Committee on Public Accounts pages 398 to 399.

Table 2

PAC REPORT YEAR <sup>4</sup>	OUTSTANDING RECOMMENDATION	STATUS
<b>Department of Learning</b>		
1999	<b>CR60.</b> The Department should require school divisions to prepare their financial statements following the standards recommended by the [The Institute Chartered of Accountants] CICA.	<b>Not implemented</b> (as at March 31, 2007).  The Department is taking the lead on the project to have all school divisions comply with the standards recommended by the CICA. The Department is targeting August 31, 2009 for all school divisions to be in full compliance. It continues to work with the school divisions to meet this target.
2005	PAC concurs:  13-1 that the Department of Learning should obtain from school divisions comparisons of planned and actual costs and timing by key stage for each approved project.	<b>Partially implemented</b> (as at October 31, 2005).  A follow-up was done in October 2005. A second follow-up is planned for 2009-10.
2005	PAC concurs:  13-2 that the Department of Learning should document its assessment of the processes that its partners use to identify and mitigate significant risks or set its own processes to identify and mitigate significant risks on approved capital projects.	<b>Partially implemented</b> (as at October 31, 2005).  A follow-up was done in October 2005. A second follow-up is planned for 2009-10.
2007	PAC concurs:  3-2 that the Department Learning should provide staff with written guidance on situations unique to the Department to help staff avoid conflicts-of-interest.	<b>Not implemented</b> (as at March 31, 2007).  The Department is currently developing processes and procedures that will be implemented to ensure all staff are aware of the criteria constituting a conflict of interest situation.

<sup>4</sup> PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

<b>PAC REPORT YEAR<sup>4</sup></b>	<b>OUTSTANDING RECOMMENDATION</b>	<b>STATUS</b>
2007	PAC concurs:  3-1 that the Department of Learning's human resource plan should:  - Quantify its human resource needs;  - Provide details on human resource gap between actual and required resources;  - Provide details on plans to implement the major strategies.	<p><b>Not implemented</b> (as at March 31, 2007).</p> <p>The Department's 2007-2008 Human Resource Plan continues to provide much of the information that Human Resource Plans should include. However, improvements are still needed in the areas previously recommended.</p>
2007	PAC concurs:  3-2 that the Department of Learning should sign a service level agreement with the Information Technology Office.	<p><b>Not implemented</b> (as at March 31, 2007).</p> <p>The Department continues to work with the Information Technology Office for the service level agreement.</p>
<b>Teachers' Superannuation Commission</b>		
2005	PAC concurs:  10-1 that the Government's pension plan boards should develop and implement strategic plans that include the goals and objectives of the plan, a summary of the risks faced by the plan and its members, and the key strategies to manage those risks.	<p><b>Partially implemented</b> (for the year ends on or before March 31, 2007).</p> <p>Teachers' Superannuation Plan does not have a complete strategic plan at the above date.</p>
2007	PAC concurs:  3-1 that the Teachers' Superannuation Commission should approve an information technology plan.	<p><b>Partially implemented</b> (as at June 30, 2007).</p> <p>Some progress made.</p>