# Education

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## Main points

The Ministry of Education (Ministry) needs to require all public libraries to prepare financial statements in accordance with standards as recommended by The Canadian Institute of Chartered Accountants (CICA) for the public sector (GAAP).

The Ministry needs to prepare an information technology (IT) strategic plan to help management ensure IT initiatives are appropriate to meet the Ministry's direction. An IT plan would also help management determine if it has addressed all the threats and risks to the Ministry's security.

The Ministry has fully addressed our 2004 recommendations about its capital construction processes.

The Ministry plays a critical role in educating Saskatchewan children. For the year ending September 30, 2009, the Ministry did not have adequate processes to achieve compliance by school divisions in delivering student instruction time as required by the Minister.

The Ministry needs to define "instruction time" to set clear expectations for delivery of the core curriculum. The Ministry should require school divisions to publicly report on their performance in meeting the Ministry's instruction time requirements. Also, the Ministry needs to monitor for all core curriculum areas of study the extent to which school divisions meet the Ministry's requirements for instruction time. It should also take corrective action where necessary to improve school division compliance with the Ministry's requirements for instruction time.

# Introduction

The Ministry of Education provides direction for Pre-Kindergarten to Grade 12 education. As well, the Ministry provides leadership to the early learning and child care, literacy, and library sectors[1].

The Ministry's 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, 2009, the Ministry was responsible for the following special purpose funds and agencies:

|  | Year-end |
|---|---|
| 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 the table below, the Ministry spent over $1.6 billion in 2008-09.

| **Table 1** | Estimates 2008-09[2] | Actual 2008-09 |
|---|---|---|
|  | (in millions of dollars) | |
| Central Management and Services | $ 13.3 | $ 12.5 |
| Pre-K -12 Education | 757.8 | 896.1 |
| Early Learning and Child Care | 45.3 | 42.9 |
| Curriculum and E-Learning | 5.2 | 8.5 |
| Literacy | 2.6 | 2.5 |
| Provincial Library | 10.4 | 13.4 |
| Education Property Tax Relief | 156.6 | 197.9 |
| Teachers' Pensions and Benefits | 194.1 | 442.1[3] |
| Capital Asset Amortization | 1.0 | 1.6 |
|  | $ 1,186.3 | $ 1,617.5 |

[1] Ministry of Education*, 2008-2009 Annual Report*, p. 5.
[2] Saskatchewan Finance, *2008-2009 Saskatchewan Estimates.* The Estimates total does not include the additional $193.148 million authorized through the *Saskatchewan Supplementary Estimates* for Education (Vote 5).
[3] Actual Teachers' pension and benefits number is restated to include $310 million of unrecorded pension costs (see details later in this chapter).

In 2008-09, the Ministry had revenues of $12.3 million of which 49% came from the Federal Government primarily for Federal-Provincial Cost Sharing programs.

The Ministry's *2008-09 Annual Report* sets out the reasons for the major differences between actual financial results and the estimates. (www.education.gov.sk.ca).

## Audit conclusions and findings

This chapter reports the results of our 2009 audits of the Ministry and the three special purpose funds (i.e., Technology Supported Learning Revolving Fund, School Division Tax Loss Compensation Fund, and Prince of Wales Scholarship Fund).

**In our opinion, for the fiscal year ended on March 31, 2009:**

♦ **the Ministry and the above-listed funds had adequate rules and procedures to safeguard public resources except for the matters reported in this chapter**

♦ **the Ministry complied with authorities governing its and the above-listed funds' activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**

♦ **the 2009 financial statements of the above-listed funds are reliable**

The results of the 2009 audit of the Teachers' Superannuation Commission (TSC) will be reported separately. We have not completed this audit because TSC has not yet finalized its financial statements.

Later in this chapter, we report the status of our previous recommendations about the Ministry's capital construction process. We also report the results of our audit of the Ministry's processes to achieve compliance by school divisions in delivering required instruction time to students.

The chapter also provides an update on recommendations previously made by the Standing Committee on Public Accounts (PAC) that are not yet implemented.

The following sets out detailed audit findings for the Ministry.

## Library financial statements

The Ministry needs to require all public libraries to prepare financial statements in accordance with standards as recommended by The Canadian Institute of Chartered Accountants (CICA) for the public sector (GAAP).

The Ministry has the Public Library System Financial Reporting Policy Manual that provides library boards and staff with a standard format for the financial statements based on GAAP. During the year, our office reviewed all libraries' audited financial statements. We found that the majority of the libraries do not follow GAAP when disclosing information on their capital assets. As a result, users do not receive the information necessary to assess the libraries' management of its capital assets.

1.      **We recommend the Ministry of Education require all public libraries to prepare their financial statements following the standards as recommended by The Canadian Institute of Chartered Accountants.**

## Information technology strategic plan needed

The Ministry has not prepared a multi-year information technology (IT) plan that links to its strategic business objectives. An IT strategic plan can help management ensure IT initiatives are appropriate to meet the Ministry's direction. It would also help management determine if it has addressed all the threats and risks to the Ministry's security. The Ministry needs an IT strategic plan to ensure its use of resources supports its strategic objectives. The Ministry did not prepare and approve an IT strategic plan for the year.

2.      **We recommend the Ministry of Education prepare an information technology strategic plan.**

## Reporting of incorrect pension costs

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

The Ministry follows policies set by Treasury Board to prepare its financial plan (Estimates) and to account for its activities. In our audit report on the 2009 financial statements of the General Revenue Fund[4], 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, 2009, the Ministry understates the amount of teachers' pension and benefit costs reported in its annual report by $310 million (2008-understated by $345 million) and understates the amount it owes for teachers' pensions by $3.50 billion (2008-$3.19 billion). We also report this matter in our chapter on the Ministry of Finance.

# Capital construction–follow-up

## Background

In 2004, we assessed the Department of Learning's[5] (Ministry) processes to ensure its partners[6] meet the requirements for completing approved capital construction projects. Our 2004 Report – Volume 1, Chapter 13 (pp. 178-191) concluded that for the twelve-month period ending September 30, 2003, the Ministry had adequate processes to ensure its partners met requirements for completing approved capital construction projects with two exceptions as reflected in the recommendations below.

In October 2005, we performed a follow-up of this audit and concluded that while the Ministry had taken steps to address our recommendations, more work remained.

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[4] *Public Accounts 2008-09: Volume 1: Main Financial Statements*, Auditor's Report [on the General Revenue Fund]. pp. 47-48.
[5] In 2004, the Department of Learning included both the Ministry of Education and the Ministry of Advanced Education, Employment and Labour.
[6] Partners include school divisions.

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The following section sets out the recommendations (in italics) and the Ministry's actions up to October 2009. We found that the Ministry has met our recommendations.

## Comparisons of planned and actual costs and progress

*In 2004, we recommended that the Ministry obtain from school divisions comparisons of planned and actual costs, and timing by key stage for each approved project.*

In June 2004, PAC agreed with our recommendation.

In August 2005, the Ministry changed its approval process for K-12 capital projects to a two-stage process (planning & design and construction) where funding would be released at the planning and construction phases of the project based on actual costs incurred to date. This process enabled the Ministry and the school division to work together to more effectively define the scope and cost of a particular project.

In April 2008, the Ministry further enhanced this process by implementing a 4-stage approval process for capital funding (preliminary planning, approval in principle, detailed design, and construction). Through this process, the Ministry is more involved with the school divisions throughout all stages of the project and is able to better control the costs of the project. The Ministry receives information from the school division on actual costs incurred at each stage before it releases payments to the school division. The Ministry also reviews and updates its own cost estimates of the project and compares them to the planned budget throughout the project to ensure reasonability. The four-stage process also allows the Ministry to be aware of the expected timing of the project at each stage.

The Ministry has met our recommendation.

## Risk identification and mitigation and progress

*In 2004, we recommended that the Ministry 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.*

In June 2004, PAC agreed with our recommendation.

Through the use of the 4-stage approval process, the Ministry is able to work more closely with school divisions to identify and mitigate potential risks at each stage (e.g., planning issues, design issues, cost overruns, etc). Before construction can begin, the Ministry approves the project. This minimizes the risk that significant dollars are spent on the project inappropriately. The Ministry also participates in meetings between school divisions and community-based partners. This provides the Ministry with a means of identifying risks through each stage of the project.

The Ministry has met our recommendation.

The Ministry told us it has plans over the next two years to further improve the documentation for each capital project. It plans to develop a new computer system to improve project tracking and reconciliation. Quarterly updates on the cost and timing of each project will also be received.

# Achieving compliance in delivery of instruction time

## Background

The Ministry provides direction for Pre-Kindergarten – Grade 12 education as set out in *The Education Act, 1995*. During the 2007-08 school year, there were 734 schools in 28 school divisions supporting 167,575 students.[7]

Under the Act, "the program of studies and the courses of study used in a school are to be consistent with the regulations and with any directives that the Minister may issue."[8] The Ministry sets the provincial core curriculum that provides guidance on what students are to learn and when they are to learn it. The core curriculum includes seven required areas of study. The Ministry sets a required time allocation for instruction for each of these areas of study in its document *Core Curriculum: Principles, Time Allocations, and Credit Policy.* For example, the time allocations in the subject of mathematics for grades 5 and 8 are 210 and 200 minutes per week respectively, while the time allocation for grade 11

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[7] *2007-08 Annual Report*, Ministry of Education, p. 4.
[8] *The Education Act, 1995*, subsection 176(1).

(Math 20) is 100 hours for the course. *The Education Regulations, 1986* states that school principals are to allocate instructional time to each course per 1,500-minute school week within the guidelines issued by the Minister (i.e., 25 hours per week).[9]

The Ministry has determined that students are not receiving actual instructional time in the amounts that it requires. For example, in the *2008 Saskatchewan Education Indicators Report*, the Ministry reports that the percentage of classrooms receiving the required time of instruction in the subject of mathematics for Grades 5, 8 and 11 (Math 20) were 46%, 63%, and 4.3% respectively.[10]

If the Ministry does not have adequate processes to achieve compliance by school divisions in delivering required student instruction time, students are less likely to receive the required number of instruction hours. It is also more likely that students in different school divisions will receive different amounts of instruction. These factors affect the quality of education students in Saskatchewan receive and may influence whether Saskatchewan students meet national and international performance standards. The *2008 Saskatchewan Education Indicators Report* states that Saskatchewan students are performing below the performance of many other Canadian provinces.[11]

## Audit objective and criteria

The objective of this audit was to assess whether the Ministry had adequate processes to achieve compliance by school divisions in delivering student instruction time as required by the Minister. We examined the Ministry's processes for the year ending September 30, 2009.

To conduct this audit, we followed the *Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants. To evaluate the Ministry's processes, we used the criteria listed in the Exhibit. The Ministry's management agreed with the criteria.

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[9] *The Education Regulations, 1986*, section 24.
[10] *2008 Saskatchewan Education Indicators Report*, p. 141. Note: we recommend further on that the Ministry define "instruction time" to set clear expectations.
[11] 2008 Saskatchewan Education Indicators Report, p. 59.

**Exhibit—Audit criteria for achieving compliance in delivery of instruction time**

To achieve compliance by school divisions in delivering student instruction time as required by the Minister, the Ministry should:

1. Communicate requirements to school divisions

2. Monitor achievement of requirements

3. Take corrective action to improve school division compliance

## Conclusion

**We concluded that, for the year ending September 30, 2009, the Ministry of Education did not have adequate processes to achieve compliance by school divisions in delivering student instruction time as required by the Minister.**

In the next section, we set out key findings and recommendations related to these criteria.

## Key findings (by criterion) and recommendations

We describe below what we expected (in italics) and key findings for the three criteria together with our recommendations.

### *Communicate requirements*

*We expected the Ministry to communicate requirements to school divisions by:*
- ♦ *setting out responsibilities*
- ♦ *evaluating whether planned information gathering processes will achieve purposes*
- ♦ *promoting awareness of requirements*

As noted in the background section above, *The Education Act, 1995* and Regulations set out the roles and responsibilities of the Ministry and of various positions within school divisions (i.e., directors, principals, and teachers).

The Ministry has published a policy document that sets out "time allocations" for each subject.[12] Other documents provided to school divisions refer to the policy requirements. For example, curriculum guides for each subject reiterate the time allocations from the policy document. These time allocations total 1,500 minutes per week.

School divisions are to follow the Ministry's policy in allocating instruction time. However, the Ministry has not clearly defined "instruction time." Without a clear definition of instruction time, the Ministry is not able to set out clear responsibilities. We note that teachers and students spend significant amounts of time in activities other than direct instruction and learning (e.g., assemblies, special events, and teachers' professional development days). Time for these activities come out of the 1,500 weekly minutes available to principals for allocation. This leaves less than 1,500 minutes available for subject instruction, notwithstanding that the Ministry's policy specifies this much time.

For the Ministry to be able to clearly communicate requirements, it should define "instruction time" to allow it to differentiate between actual time spent on direct instruction and time spent in other school activities.

3. **We recommend the Ministry of Education define "instruction time" to set clear expectations for delivery of the core curriculum.**

The Ministry does not require school divisions to report to the Ministry on whether schools are providing required instruction time in all subjects (we describe under the second criterion some limited information gathering that does occur).

The Ministry uses its "Continuous Improvement Framework." It is a process for school division planning and reporting intended to help school divisions set and achieve objectives in line with Ministry priorities. School divisions are required to develop an annual plan that describes strategies to advance priorities and set out performance measures. School divisions then report on their results. Within these plans and reports, school divisions can choose to report on indicators as set out in the Ministry's Education Indicators reports. While divisions could choose to report on

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[12] Core Curriculum: Principles, Time Requirements, and Credit Policy.

instruction time, the majority of school divisions have chosen to not report on this indicator.

**4.** **We recommend the Ministry of Education require school divisions to publicly report on their performance in meeting the Ministry's instruction time requirements.**

The Ministry promotes awareness of its time allocations for subjects to key groups. These groups include school division superintendents, directors of education, principals, and teachers. The methods do not focus exclusively on time allocations, but does include these expectations. The Ministry promotes awareness by:

♦ distributing its time allocation policy to school division directors of education and principals
♦ referring to time allocations within curriculum guides
♦ referring to the time allocation policy within its guide for school division funding
♦ raising the topic in meetings with school division officials
♦ for specific school divisions, discussion in Continuous Improvement Framework meetings.

The Ministry also prepared a discussion paper on the subject of hours of instruction for a group it established to study how to improve student achievement in Saskatchewan.

## *Monitor achievement of requirements*

*We expected the Ministry to monitor achievement of requirements by:*
♦ *consistently gathering and recording timely information from school divisions*
♦ *identifying results*
♦ *analyzing results*

As noted earlier, the Ministry does not require school divisions to report whether schools are providing required instruction time in all subjects. However, the Ministry has two processes for gathering limited information on instruction time.

The Ministry's Continuous Improvement Framework provides one process for gathering this information. However, as noted, each school division has the flexibility to set its own priorities for reporting. Most school divisions have not selected this core indicator to report on.

The second process provided the information for the Ministry's indicator report on instruction time. The Ministry has a process for assessing curriculum implementation. Under this "Assessment for Learning" process, the Ministry collects information in four different subjects (reading, writing, science, and mathematics) at three grade levels. However, it is only in the subject of mathematics that the Ministry gathers and reports information on instruction time.

The Ministry's Education Indicators report and the Ministry's Assessment for Learning investigations clearly identify gaps. However, these are limited to the subject area of mathematics at three grade levels. The Ministry told us it is considering adapting its processes to more fully explore the issue. The Ministry has analyzed the issue of instruction time in its discussion paper on time and student achievement.

We note that it can be difficult to assess exactly how much instruction time is spent on a given subject. The Ministry encourages teachers to be flexible and to integrate subjects where possible. That is, a teacher may use a single activity to teach both science and math concepts.

We recommended earlier that the Ministry require school divisions to report on their performance in meeting the Ministry's instruction time requirements. The Ministry should use this information to undertake a more comprehensive examination of instruction time.

5.     **We recommend the Ministry of Education monitor for all core curriculum areas of study the extent to which school divisions meet the Ministry's requirements for instruction time.**

## *Take corrective action*

*We expected the Ministry to take corrective action to improve school division compliance by:*

♦     *identifying priorities for change*

- *obtaining commitment for action from school divisions*
- *confirming that school divisions carry out remedial action when required*
- *reporting school division progress in delivering instruction time*
- *implementing a process for addressing persistent non-compliance*

The Ministry has created a discussion paper that proposes a number of possible actions for improving student achievement through more effective use of time. The Ministry has provided the paper to a group studying how to improve student achievement in Saskatchewan.

The Continuous Improvement Framework process provides an opportunity for the Ministry to seek commitment for action from school divisions. However, the majority of school divisions are currently not measuring and reporting on instruction time within their plans.

The Ministry meets with school division officials throughout the year to discuss various issues. The Ministry has used these meetings to communicate the results of the Education Indicators report including the instruction time results. The Ministry provides school divisions with their specific results for instruction time compared with the Ministry requirement (i.e., the policy) and the provincial average.

The Ministry told us that it is considering providing school divisions with additional comparative information on instruction time (i.e., information from other school divisions in addition to their own). The Ministry does not otherwise communicate to school divisions any remedial actions required to ensure school divisions comply with the Minister's instruction time policy. Nor does it confirm that school divisions took any remedial steps.

6.      **We recommend the Ministry of Education take corrective action where necessary to improve school division compliance with the Ministry's requirements for instruction time.**

We earlier recommended that the Ministry of Education require school divisions to report publicly their performance in meeting the Ministry's instruction time requirements. This would encourage school divisions to take remedial steps where necessary.

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

The following table provides an update on recommendations previously made by PAC that are not yet implemented and are not discussed earlier in this chapter.[13]

**Table 2**

| PAC REPORT YEAR[14] | OUTSTANDING RECOMMENDATION | STATUS |
|---|---|---|
| **Ministry of Education** | | |
| 1999 | **CR60.** The Department should require school divisions to prepare their financial statements following the standards recommended by the [The Canadian Institute of Chartered Accountants] CICA. | **Not implemented** (as at March 31, 2009). The Ministry targeted August 31, 2009 for all school divisions to be in compliance with GAAP. This target will not be met. |
| 2009 | PAC concurs: 16-2 that the Ministry of Education follow its established procedures for user access to its systems and data. | **Not implemented** (as at March 31, 2009). During the audit, we reviewed access for all employees on the MIDAS HR system. One employee continues to have incompatible roles within the system. For the Student Data System, we found four employees where the Ministry had not removed access on a timely basis. |
| 2009 | PAC concurs: 5-2 that the Ministry of Education receive and review proper support for the payments made to the Teachers' Superannuation Commission. | **Partially implemented** (as at March 31, 2009). The Ministry received some additional support for the payments made to the Teachers' Superannuation Commission; however, more is still required. |
| 2009 | PAC concurs: 5-4 that the Ministry of Education monitor the effectiveness of the Information Technology Office's security controls to protect the Ministry's computer systems and data. | **Not implemented** (as at March 31, 2009). Management told us that the Ministry is working with ITO to develop a security report that will meet all clients' needs. |

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[13] For the definitions of the key terms used in the table, see Chapter 20 – Standing Committee on Public Accounts.

[14] PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

| PAC REPORT YEAR[14] | OUTSTANDING RECOMMENDATION | STATUS |
|---|---|---|
| 2007 | PAC concurs:<br><br>3-1 that the Department of Learning's human resource plan should:<br><br>- Quantify its human resource needs;<br>- Provide details on human resource gap between actual and required resources;<br>- Provide details on plans to implement the major strategies. | **Not implemented** (as at March 31, 2009).<br><br>The Ministry's 2009-2010 Human Resource Plan still needs improvement. |
| 2007 | PAC concurs:<br><br>3-2 that the Department of Learning should sign a service level agreement with the Information Technology Office. | **Not implemented** (as at March 31, 2009).<br><br>No progress in the year. |
| **Ministry of Education (Teachers' Superannuation Commission)** | | |
| 2009 | PAC concurs:<br><br>3-3 that the Teachers' Superannuation Commission comply with its governance manual. | **Partially implemented** (as at June 30, 2008).<br><br>We have not yet completed the audit for June 30, 2009. |
| 2009 | PAC concurs:<br><br>3-4 that the Teachers' Superannuation Commission identify its human resource needs and develop strategies to address any identified competency gaps. | **Partially implemented** (as at June 30, 2008).<br><br>We have not yet completed the audit for June 30, 2009. |
| 2009 | PAC concurs:<br><br>3-5 that the Teachers' Superannuation Commission:<br><br>- maintain proper financial records<br>- establish and communicate to staff policies and procedures to control public money relating to its benefit plans<br>- obtain approval for bank overdrafts as required by *The Financial Administration Act, 1993* | **Partially implemented** (as at June 30, 2008).<br><br>We have not yet completed the audit for June 30, 2009. |
| 2009 | PAC concurs:<br><br>3-6 that the Teachers' Superannuation Commission establish complete and written guidance for preparing its interim and year-end financial reports. | **Partially implemented** (as at June 30, 2008).<br><br>We have not yet completed the audit for June 30, 2009. |

| PAC REPORT YEAR[14] | OUTSTANDING RECOMMENDATION | STATUS |
|---|---|---|
| 2009 | PAC concurs:<br><br>3-7 that the Teachers' Superannuation Commission's annual report include a report on the activities and the financial statements for each benefit plan the Commission administers. | **Partially implemented** (as at June 30, 2008).<br><br>We have not yet completed the audit for June 30, 2009. |

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