

# Advanced Education, Employment and Immigration

# 2

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## Main points

The Ministry needs to follow its procedures for ensuring only authorized staff have access to its computer systems and data. Without following its established procedures for removing user access, the Ministry risks the loss of public money and inappropriate access to confidential information.

The Saskatchewan Apprenticeship and Trade Certification Commission needs to establish rules and procedures to reconcile its accounting records to its cash held by the General Revenue Fund. Timely reconciliations help detect errors or misuse of money quickly.

Saskatchewan Institute of Applied Science and Technology (SIAST) purchased land for approximately \$6.7 million without obtaining appropriate approval. It also has not fully addressed our 2008 recommendations to improving its risk management processes.

## **Introduction**

The mandate of the Ministry of Advanced Education, Employment and Labour (effective June 29, 2010, the Ministry was continued as the Ministry of Advanced Education, Employment and Immigration) (Ministry) is to foster the attraction, development and retention of an educated, skilled and productive workforce to meet the needs of a growing and innovative economy.<sup>1</sup>

Its responsibilities are set out primarily in *The Post-Secondary Education and Skills Training Act* and *The Labour Standards Act*.

### **Related special purpose funds and agencies**

At March 31, 2010, the Ministry was responsible for the following special purpose funds and agencies:

	<u>Year-end</u>
Saskatchewan Student Aid Fund	March 31
Training Completions Fund	March 31
Carlton Trail Regional College	June 30
Cumberland Regional College	June 30
Great Plains College	June 30
North West Regional College	June 30
Northlands College	June 30
Parkland Regional College	June 30
Southeast Regional College	June 30
Saskatchewan Apprenticeship and Trade Certification Commission (SATCC)	June 30
Saskatchewan Institute of Applied Science and Technology (SIAST)	June 30

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<sup>1</sup>*Ministry of Advanced Education, Employment and Labour, 2009-2010 Annual Report, p. 5.*

## Financial overview

As set out in the table below, the Ministry spent over \$866 million in 2009-10.

**Table 1**

	Estimates 2009-10 <sup>2</sup> (in millions of \$)	Actual 2009-10
Central Management and Services	\$ 25.5	21.7
Student Support Programs	61.4	66.6
Post-Secondary Education	625.1	651.7
Immigration	12.6	10.4
Training Programs	40.6	41.8
Career and Employment Services	41.7	40.8
Graduate Retention Program	18.5	18.5
Worker's Advocate	0.6	0.5
Occupational Health and Safety	7.5	7.2
Labour Relations Board	1.0	0.9
Labour Relations and Mediation	0.7	0.9
Labour Standards	2.5	2.5
Status of Women Office	0.4	0.4
Capital Asset Amortization	1.9 <sup>3</sup>	2.2
Total Expenses	840.0	866.1
Capital Asset Acquisitions	2.0	2.6
	\$ 842.0	868.7

In 2009-10, the Ministry had revenues of \$153.1 million of which 93% came from the Federal Government primarily for Federal-Provincial cost sharing programs.

The Ministry's *2009-10 Annual Report* sets out the reasons for the major differences between actual financial results and the estimates ([www.aeel.gov.sk.ca](http://www.aeel.gov.sk.ca)).

<sup>2</sup> Saskatchewan Finance, *2009-2010 Saskatchewan Estimates*. The Estimates total does not include the additional \$28.3 million authorized through the *Saskatchewan Supplementary Estimates* for Advanced Education, Employment and Labour (Vote 37).

<sup>3</sup> Amortization is not included in appropriation.

This chapter also includes an update on the status of outstanding recommendations made by the Standing Committee on Public Accounts (PAC).

## **Audit conclusions and findings**

This section reports the results of our 2010 audits of the Ministry, the Saskatchewan Student Aid Fund, the Training Completions Fund, three of seven regional colleges (Carlton, Northlands, and Southeast), SATCC, and SIAST.

**In our opinion, for the fiscal years ending on or before June 30, 2010:**

- ◆ **the Ministry and the above-listed agencies had adequate rules and procedures to safeguard public resources except for the matters reported in this chapter**
- ◆ **the Ministry and the above-listed agencies complied with authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matters reported in this chapter**
- ◆ **the financial statements of the above-listed agencies are reliable**

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 four colleges that are not in rotation to provide us with reports that set out the results of their audits. We review these reports and have discussions with related ministry officials to identify if significant matters exist for these colleges. If so, we work with the appointed auditor on these matters. For SIAST, we carry out the audit jointly with the appointed auditor.

Exhibit 1 sets out the appointed auditor of each agency. We use the framework recommended by the *Report of the Task Force on Roles,*

*Responsibilities and Duties of Auditors.*<sup>4</sup> The auditors of the other four colleges did not report any new matters for the colleges they audited.

**Exhibit 1**

Crown agency	Appointed auditor
SIAST	Deloitte & Touche LLP
Carlton Regional College	E.J.C. Dudley & Co.
Northlands Regional College	Deloitte & Touche LLP
Southeast Regional College	Cogent Business Consulting

Later in this chapter, we report the status of our previous recommendations about SIAST’s risk management processes and provide an update on recommendations previously made that are not yet implemented.

**User access**

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

The Ministry has adequate procedures for removing user access to its computer systems and data. However, the Ministry did not follow its established procedures. During the audit, we noted ten instances where the Ministry had not removed unneeded access on a timely basis.

Unless it follows its established procedures for removing user access, the Ministry cannot ensure that only authorized individuals have access to its computer systems and data. As a result, the Ministry is exposed to the risk of loss of public money and inappropriate access to confidential information.

- 1. We recommend that the Ministry of Advanced Education, Employment and Immigration follow its established procedures for removing user access to its computer systems and data.**

<sup>4</sup> To view this report, see our website at [www.auditor.sk.ca/rrd.html](http://www.auditor.sk.ca/rrd.html).

## Information technology strategic plan needed

In 2009, we recommended the Ministry prepare an information technology strategic plan.

In May 2010, PAC agreed with our recommendation.

The Ministry has not prepared a multi-year information technology (IT) plan that links to 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.

We continue to recommend that the Ministry of Advanced Education, Employment and Immigration prepare an information technology strategic plan.

Management told us the Ministry has approved a three-year IT plan and is in the preliminary stages of developing an information technology strategic plan.

## Saskatchewan Apprenticeship and Trade Certification Commission

The Saskatchewan Apprenticeship and Trade Certification Commission (SATCC) is established under *The Apprenticeship and Trade Certification Commission Act, 1999*. SATCC manages the provincial apprenticeship and trade certification system. This includes:

- ◆ designating trades for apprenticeship training and certification
- ◆ registering and monitoring the training of apprentices and journey people
- ◆ facilitating training delivery
- ◆ providing certification of achieved skill level to apprentices and journey people
- ◆ representing Saskatchewan on interprovincial apprenticeship and trade certification initiatives

In 2010, SATCC had revenues of \$20.7 million, including \$18.8 million from the Ministry (General Revenue Fund), and had expenses of \$21.4 million. At June 30, 2010, SATCC's accumulated surplus was \$1.8 million. SATCC's financial statements are in SATCC's 2009-2010 Annual Report at [www.saskapprenticeship.gov.sk.ca](http://www.saskapprenticeship.gov.sk.ca).

## **Better control over cash needed**

SATCC needs to establish rules and procedures to reconcile its accounting records to its cash held by the General Revenue Fund (GRF).

SATCC does not have its own bank account. Rather it uses the GRF's bank account and MIDAS<sup>5</sup>, its central financial system, to record receipts and make payments. SATCC's procedures do not require employees to reconcile its accounting records to its cash amount recorded in MIDAS each month. Regular reconciliation of its accounting records to its cash amount recorded in MIDAS provides an important check that all charges are proper and all money is received and deposited into the correct account. It also provides a check on the accuracy and reliability of SATCC's accounting records. Furthermore, timely reconciliations help detect errors or misuse of money quickly.

- 2. We recommend that the Saskatchewan Apprenticeship and Trade Certification Commission establish rules and procedures to reconcile its accounting records to its cash amount recorded in MIDAS promptly.**

Management told us that it is in the process of implementing procedures to reconcile its accounting records to its GRF balance.

## **Saskatchewan Institute of Applied Science and Technology**

The Saskatchewan Institute of Applied Science and Technology (SIAST) is a large post-secondary education institution established under *The Saskatchewan Institute of Applied Science and Technology Act (Act)*. A government-appointed Board is responsible to set policies and align its strategic direction with the goals of the Ministry.

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<sup>5</sup> Multi-informational Database Applications System administered by the Ministry of Finance.



SIAST's operations are decentralized with four campus locations (Prince Albert, Saskatoon, Regina, Moose Jaw). In 2009-10, SIAST spent \$211 million to provide services to about 15,500 students. SIAST's financial statements are in the SIAST 2009-2010 Annual Report at [www.siastr.sk.ca](http://www.siastr.sk.ca).

## **Purchase without Minister's approval**

SIAST purchased land for approximately \$6.7 million without obtaining the Minister's approval.

Section 14(2) of the Act requires SIAST to obtain the approval of the Minister before purchasing or disposing of any real property.

During the year ended June 30, 2010, SIAST purchased two parcels of land adjacent to the existing Kelsey campus in Saskatoon for approximately \$6.7 million. Management told us that SIAST did not have the Minister's approval for these purchases and that subsequently, the Minister denied approval for these purchases.

- 3. We recommend Saskatchewan Institute of Applied Science and Technology obtain approval of the Minister of Advanced Education, Employment and Immigration before making purchases of real property.**

## **Risk management—a follow-up**

SIAST's role is to prepare skilled workers with a technical education (e.g., trades, business, technology, health sciences, etc.). Demand for skilled workers fluctuates with changes in the economy, creating risks for SIAST. Effective management of SIAST's risks and achievement of its objectives can positively influence Saskatchewan's economy.

In 2008, we assessed SIAST's processes for risk management. Our 2008 Report – Volume 3, Chapter 2 (p. 35-44) concluded that SIAST's Board did not have adequate processes for risk management as of June 30, 2008.

We made two recommendations about the Board's risk management processes. On December 9, 2008, PAC agreed with our recommendations.

The following sections set out the recommendations (in italics) and describe our follow-up of management's actions to August 31, 2010. We found that SIAST has made good progress toward meeting our recommendations.

## **Comprehensive risk management policies and procedures**

*We recommended that the Saskatchewan Institute of Applied Science and Technology's Board use more comprehensive risk management policies and procedures that:*

- ◆ *define key terms and processes*
- ◆ *assign roles and responsibilities for risk management*
- ◆ *require risks be identified in relation to strategic objectives*
- ◆ *require analysis of risk likelihood and impact including timeframes*
- ◆ *set criteria to evaluate risk tolerance*
- ◆ *outline guidance to treat key risks*

SIAST defines most key terms related to risk management in its corporate risk registry. It uses its definitions by including them in working documents and some reports. SIAST does not yet define the term "risk." Defining risk to include missed opportunities as well as adverse consequences could help SIAST meet its goals and objectives.

SIAST documents its processes for risk management in the introduction to worksheets. For example, the format for documenting how a risk will be reduced requires managers to list the actions planned, resources needed, who is responsible, monitoring, etc.

SIAST's Board has a policy on risk management that assigns roles and responsibilities. The policy states the Board is to "annually assess and prioritize existing and emerging risks." The policy makes clear that senior management is responsible to identify, monitor, and manage risks, reducing them where possible. In addition, in 2010, SIAST assigned a director of enterprise risk management to lead its work in this area.

The Board’s risk management policy relates risks to SIAST’s broad mission rather than to its strategic objectives. To implement this policy, managers relate risks to the four “themes” in SIAST’s strategic plan. It is difficult to relate risks to broad mission or theme statements in a way that supports meaningful risk management. For example, SIAST’s corporate risk registry relates 22 of its 29 risks to the same theme “leading organizational effectiveness.”

**Exhibit 1— excerpt from SIAST’s Strategic Plan 2009-2019 (p. 10)**

*Mission:*

*SIAST is Saskatchewan's primary public institution for the development and delivery of post-secondary technical education and skills training. We share knowledge, provide skills training and engage in applied research, meeting the needs of students, employers and communities.*

*Strategic Themes:*

*Building successful careers. Advancing economic and social prosperity. Leveraging educational innovation. Leading organizational effectiveness.*

SIAST may find it more useful to relate its risks to strategic directions that are more specific such as SIAST’s goal statements (e.g., “expand facilities to accommodate enrolment growth, expand innovative ... partnerships”).<sup>6</sup> Managers more readily identify meaningful risks for specific goals. In addition, the Board may find it easier to point out unidentified risks and ask questions. Management told us it plans to relate risks to strategic goals as it further develops its risk management processes.

SIAST’s risk management policy requires analysis of risk likelihood and impact, but not identification of the timeframe in which a risk may be most serious. Timeframes help managers identify realistic risks, establish timely monitoring, and set milestones for reducing risks. The Board should update its risk management policies to reflect SIAST’s current risk management practices. In 2010, management used a risk matrix to help analyze the likelihood of risks. The matrix guides managers to estimate how imminent the risk is (i.e., the timeframe). For example, management estimates that highly likely risks could occur within the year and risks with low likelihood could occur within five to ten years.

SIAST’s policies do not set criteria to evaluate risk tolerance (e.g., how much risk to tolerate without intervention) and do not address risk

<sup>6</sup> SIAST Strategic Plan 2009-2019, p. 12 and 14, goal statements 1.2 and 2.3 (abbreviated).

treatment (e.g., options for managing risks). Management describes a process for evaluating which risks to treat. Also, management has a format for risk treatment action plans. In August 2010, SIAST had not begun to use these processes and formats. A policy addressing risk tolerance and risk treatment options would give the Board an opportunity to require and influence these important practices.

SIAST continues to work on this recommendation.

## **Written reports to Board on risk analysis and outcomes**

*We recommended that the Saskatchewan Institute of Applied Science and Technology's Board require that the written risk management reports it receives include analysis of risks and outcomes of risk management.*

At August 31, 2010, SIAST's risk management policy requires reports about risk management. The policy expects senior management to provide annual reports to the Board about existing and emerging risks, efforts to manage priority risks, and outcomes of SIAST's risk management efforts.

SIAST frequently gives the Board written progress reports on its risk management project and the next steps planned. In addition, SIAST's Board receives some written reports about individual risks and actions to manage them. For example, SIAST gives the Board written reports about a specific administrative risk and actions to manage it (e.g., developing facilities, funding). SIAST also gives the Board verbal reports of risks to its academic objectives.

Annually, the Board receives a summary report on its priority risks. It received updates on the prioritized risks in April 2009 and June 2010. For example, in June 2010, the Board received a summary report identifying six priority risks. This report explained how SIAST analyzed its risks and ranked them. It did not include risk management outcomes. For example, if SIAST cannot retain its instructors and/or expand its teaching space, the outcomes could include lower than expected student enrolment and less revenue than anticipated in SIAST's budget.

SIAST continues to work on this recommendation.

## 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.<sup>7</sup>

Table 2

PAC REPORT YEAR <sup>8</sup>	OUTSTANDING RECOMMENDATION	STATUS
<b>Ministry of Advanced Education, Employment and Immigration</b>		
2009	PAC concurs: 2-2 that the Ministry of Advanced Education, Employment and Labour develop a human resource plan.	<b>Partially implemented</b> (as at March 31, 2010).  The Ministry developed a draft 2009-10 Human Resource Plan; however, it was never formally approved.
2009	PAC concurs: 2-3 that the Ministry of Advanced Education, Employment and Labour sign an adequate agreement on disaster recovery of computer systems and data with the Information Technology Office (ITO).	<b>Partially implemented</b> (as at March 31, 2010).  Management told us the Ministry is working with ITO to develop a new Service Level Agreement, which will include disaster recovery requirements.
2009	PAC concurs: 2-4 that the Ministry of Advanced Education, Employment and Labour monitor the effectiveness of the Information Technology Office's security controls to protect the Ministry's computer systems and data.	<b>Partially implemented</b> (as at March 31, 2010).  Management told us the Ministry is working with the ITO to implement a security plan, including: <ul style="list-style-type: none"> <li>◆ security policy guidance</li> <li>◆ reporting improvements</li> <li>◆ employee awareness</li> <li>◆ better system access controls</li> <li>◆ security audits</li> </ul>

<sup>7</sup> For the definitions of the key terms used in the table, see Chapter 24 – Standing Committee on Public Accounts.

<sup>8</sup> PAC Report Year refers to the year that PAC first made the recommendation in its report to the Legislative Assembly.

**Chapter 2 – Advanced Education, Employment and Immigration**

PAC REPORT YEAR <sup>8</sup>	OUTSTANDING RECOMMENDATION	STATUS
<b>Saskatchewan Institute of Applied Science and Technology</b>		
2007	PAC concurs: 3-7 that Saskatchewan Institute of Applied Science and Technology's board should work with management to identify the content and frequency of reports necessary to monitor human resource risks and evaluate progress towards its human capacity objectives.	<b>Partially implemented</b> (as at February 28, 2010).
<b>Ministry of Advanced Education, Employment and Immigration (Construction projects)</b>		
2005	PAC concurs: 13-2 that the Ministry 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 risk on approved capital projects.	<b>Partially implemented</b> (as at March 31, 2009). We plan a follow-up in 2011.

**Chapter 2 – Advanced Education, Employment and Immigration**

<b>PAC REPORT YEAR<sup>8</sup></b>	<b>OUTSTANDING RECOMMENDATION</b>	<b>STATUS</b>
<b>Ministry of Advanced Education, Employment and Immigration (Welfare to Work)</b>		
2005	PAC concurs: 4-2 that the Department of Community Resources and Employment should select additional performance measures that directly assess its progress in moving people from welfare to work.	<p><b>Partially implemented</b> (as at March 31, 2010).</p> <p>There have been numerous changes since our 2006 follow-up of “Welfare to Work”. When this was first reported, the program was in the Department of Community Resources and Employment. Employment programs now reside in the Ministry. The Ministry is assessing how to respond to the recommendations under the new Ministry structure.</p>
2005	PAC concurs: 4-3 that the Department of Community Resources and Employment should establish baseline results and targets for each measure.	
2005	PAC concurs: 4-4 that the Department of Community Resources and Employment should communicate to employees its measures, baseline results, and targets.	
2005	PAC concurs: 4-5 that the Department of Community Resources and Employment should collect relevant and reliable information related to its performance measures.	
2005	PAC concurs: 4-6 that the Department of Community Resources and Employment should establish policies and procedures for evaluating data to assess its progress in moving people from welfare to work.	
2005	PAC concurs: 4-7 that the Department of Community Resources and Employment should prepare reports that show its progress in helping welfare recipients, and others seeking financial assistance, to find and keep work.	

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