

## Chapter 2

### Advanced Education

#### 1.0 MAIN POINTS

Effective May 25, 2012, the Ministry of Advanced Education, Employment and Immigration became the Ministry of Advanced Education (Advanced Education). On that date, the employment and immigration programs moved to the Ministry of the Economy.

This chapter reports the results of the annual audits of Advanced Education and its agencies.

Advanced Education and its agencies complied with the authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The 2012 financial statements of Advanced Education's funds and agencies are reliable. Advanced Education and its agencies had effective rules and procedures to safeguard public resources except for the following where Advanced Education needs to:

- › Strengthen the governance and accountability of regional college boards to ensure they fulfill their responsibilities under *The Regional Colleges Act*
- › Improve information technology (IT) processes to promptly remove user access, prepare an IT strategic plan, sign an adequate agreement with the Information Technology Office on disaster recovery of computer systems and data, and monitor the effectiveness of the Information Technology Office's security controls to protect Advanced Education's computer systems and data
- › Sign a memorandum of understanding for shared services with the Ministry of Labour Relations and Workplace Safety to avoid misunderstandings

This chapter also provides an update on the status of previous recommendations agreed to by the Standing Committee on Public Accounts (PAC).

#### 2.0 INTRODUCTION

Advanced Education's mandate is to provide leadership and resources to foster a high quality advanced education and training system and provide employment and immigration services to develop a workforce that responds to the needs of Saskatchewan's people and economy.<sup>1</sup>

For the year ended March 31, 2012, Advanced Education had 410.7 full-time equivalent positions.<sup>2</sup>

<sup>1</sup> Ministry of Advanced Education, Employment and Immigration, 11-12 Annual Report, p. 4.

<sup>2</sup> Ibid., p. 27.



## 2.1 Financial Overview

For the year ended March 31, 2012, Advanced Education spent \$859.2 million on its programs and had revenues of \$70.2 million. Information about Advanced Education's revenues and expenditures appears in its 2011-12 annual report (see [www.aeei.gov.sk.ca/2011-12-annual-report](http://www.aeei.gov.sk.ca/2011-12-annual-report)).

**Figure 1—Major Programs and Spending**

	Estimates 2011-12	Actual 2011-12
	(in millions of dollars)	
Central Management and Services	\$ 19.2	\$ 17.8
Student Supports	101.7	110.5
Post-Secondary Education	610.0	610.0
Immigration	14.7	12.1
Labour Force Development	108.5	107.1
<b>Total Appropriation</b>	<u>854.1</u>	<u>857.5</u>
Capital Asset Acquisitions	-	-
Capital Asset Amortization	1.8	1.7
<b>Total Expense</b>	<u>\$ 855.9<sup>3</sup></u>	<u>\$ 859.2</u>

Source: Ministry of Advanced Education, Employment and Immigration, 11-12 Annual Report

## 2.2 Related Special Purpose Funds and Agencies

At March 31, 2012, Advanced Education was responsible for the following special purpose funds and agencies (agencies) covered by our audits this year:

	<u>Year-end</u>	<u>Appointed Auditor<sup>4</sup></u>
Saskatchewan Student Aid Fund	March 31	N/A
Training Completions Fund	March 31	N/A
Carlton Trail Regional College	June 30	E.J.C. Dudley & Co.
Great Plains College	June 30	Stark & Marsh LLP
Southeast Regional College	June 30	MNP LLP
Saskatchewan Apprenticeship and Trade Certification Commission	June 30	N/A
Saskatchewan Institute of Applied Science and Technology	June 30	We audit jointly with Deloitte & Touche LLP

Our office worked with the above appointed auditors to carry out our audit work. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* ([www.auditor.sk.ca/rrd.html](http://www.auditor.sk.ca/rrd.html)).

<sup>3</sup> The Estimates total does not include an additional \$8.9 million authorized through the Saskatchewan Supplementary Estimates.

<sup>4</sup> N/A means not applicable because we do the audit directly.

Advanced Education is also responsible for four other colleges (Cumberland, North West, Northland, Parkland). We audit colleges on a cyclical basis. We require the appointed auditors of these other four colleges that are not in the current cycle to provide us with reports that set out the results of their audits. We review these reports and have discussions with Advanced Education officials to identify if significant matters exist for these colleges. If so, we work with the appointed auditors on these matters. The appointed auditors of the other four colleges did not report any significant matters for the colleges they audited.

### 3.0 AUDIT CONCLUSIONS, SCOPE AND FINDINGS

**In our opinion, for the years ending on or before June 30, 2012:**

- › **Advanced Education and its agencies had effective rules and procedures to safeguard public resources except as reported in this chapter**
- › **Advanced Education and its agencies complied with the following authorities governing their activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Government Organization Act*  
*The Ministry of Advanced Education, Employment and Immigration Regulations*  
*The Training Allowance Regulations*  
*The Employment Program Regulations*  
*The Skills Training Benefit Regulations*  
*The Post-Secondary Education and Skills Training Act*  
*The Training Program Regulations*  
*The Education Act, 1995 (section 3(1))*  
*The Apprenticeship and Trade Certification Act, 1999*  
*The Apprenticeship and Trade Certification Regulations, 2003*  
*The Graduate Retention Program Act*  
*The Graduate Retention Program Regulations*  
*The Private Vocational Schools Regulation Act, 1995*  
*The Private Vocational Schools Regulation, 1995*  
*The Public Service Act, 1998*

*The Regional Colleges Act*  
*The Regional Colleges Regulations*  
*The Regional Colleges Program Designation Regulations*  
*The Regional Colleges Programs and Services Regulations, 1997*  
*The Financial Administration Act, 1993*  
*The Saskatchewan Institute of Applied Science and Technology Act*  
*The Student Assistance and Student Aid Fund Act, 1985*  
*The Lender-financed Saskatchewan Student Loan Regulations*  
*The Student Assistance and Student Aid Fund Regulations, 2001*  
*The Saskatchewan Student Direct Loans Regulations*  
*The Tabling of Documents Act, 1991*  
 Orders in Council issued pursuant to the above legislation

- › **The agencies had reliable financial statements**

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of Advanced Education's controls. The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

Assessing Advanced Education's rules and procedures to safeguard public resources includes assessing the design and effectiveness of Advanced Education's control activities relating to grants which are approximately 95% of the total Ministry expenditures and revenue which is tied to agreements with the federal government. This chapter also provides the status of previous recommendations agreed to by the Standing Committee on Public Accounts.



### 3.1 Great Plains Regional College Needs to Restrict Access to its Financial Reporting System

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The College needs to develop written policies and procedures to appropriately restrict staff access to its financial reporting system.

During the year, a senior financial staff person had the ability to initiate transactions, approve transactions, make changes to the accounting records, and authorize payments. This increased the risk of unauthorized transactions.

1. We recommend that Great Plains Regional College develop written policies and procedures to appropriately restrict staff access to its financial reporting system.

### 3.2 Shared Service Agreement Needed

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We recommended that the Ministry of Advanced Education, Employment and Immigration sign a memorandum of understanding for shared services with the Ministry of Labour Relations and Workplace Safety. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

**Status** – We continue to make this recommendation.

Advanced Education provides various services to the Ministry of Labour Relations and Workplace Safety, such as revenue processing, payment processing, information technology support, and other support services. A shared service agreement should be in place so that both ministries understand their respective roles and responsibilities.

The *Financial Administration Manual* section 3007.08 requires that shared service arrangements between ministries be supported by a memorandum of understanding. At March 31, 2012, Advanced Education did not have such a memorandum in place.

### 3.3 Governance and Accountability of Regional Colleges Needs Strengthening

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In our 2011 Report – Volume 2, we reported that Advanced Education needs to strengthen governance and accountability processes to ensure regional college boards fulfill their responsibilities under *The Regional Colleges Act*. We reported that Advanced Education's review processes did not promptly identify significant governance problems at Carlton Trail Regional College. We provide an update on actions taken by Carlton Trail Regional College and Advanced Education.

### 3.3.1. Recommendations for Carlton Trail Regional College

We recommended that the Board of Carlton Trail Regional College fulfill its governance obligations and its responsibilities under *The Regional Colleges Act* by:

- › Ensuring that Board motions and decisions are restricted to members of the Board
- › Documenting Board decisions and support for decisions
- › Having or obtaining through Board training appropriate knowledge and skills
- › Regularly evaluating its performance

(2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

**Status** – We continue to make this recommendation as it relates to Board training and evaluating Board performance.

Cabinet appointed a five member Board for Carlton Trail Regional College (Carlton Trail) effective September 29, 2011. Since then, motions and decisions have been appropriately restricted to members of the Board, and Board minutes contain adequate documentation of decisions and support for decisions made by the Board.

The Board discussed board training opportunities at its meetings; however, no training was received by the Board. Also, the Board did not identify current board skills or gaps and potential areas for training. The Board has not yet evaluated its performance.

We recommended that the Board of Carlton Trail Regional College obtain the Minister's approval for its chief executive officer's duties, remuneration, term of office and other terms and conditions of appointment as required under *The Regional Colleges Act*. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

**Status** – Implemented.

The Minister of Advanced Education approved the appointment and extension of appointment for the interim Chief Executive Officer. On August 1, 2012, the Minister approved the appointment of the new permanent Chief Executive Officer of Carlton Trail.

We recommended that the Board of Carlton Trail Regional College formalize its rights and obligations in written agreements when it enters into financial arrangements with other agencies. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

**Status** – Implemented.



During the year, Carlton Trail signed three agreements that set out its financial arrangements with the Humboldt Collegiate Institute. The agreements signed appropriately set out Carlton Trail's access to and use of the property.

### 3.3.2. Recommendations for Advanced Education

We recommended that the Ministry of Advanced Education, Employment and Immigration ensure that boards of regional colleges are trained to fulfill their governance responsibilities and their responsibilities under *The Regional Colleges Act*. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

**Status** – We continue to make this recommendation.

Advanced Education has developed a three year action plan to strengthen governance and accountability in the post-secondary sector. The plan includes reviewing the current state of governance and accountability practices within the sector and developing sector specific board governance training and certification. Advanced Education had not yet implemented the plan.

We recommended that the Ministry of Advanced Education, Employment and Immigration regularly evaluate whether boards of regional colleges are fulfilling their governance responsibilities and their responsibilities under *The Regional Colleges Act*. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

**Status** – We continue to make this recommendation.

Advanced Education strengthened its monitoring and oversight of board performance through the receipt and review of board meeting packages and minutes. Advanced Education is also undertaking an assessment of current governance practices and an evaluation of board performance.

We recommended that the Ministry of Advanced Education, Employment and Immigration ensure that boards of regional colleges obtain the Minister's approval for chief executive officer duties, remuneration, terms of office, and other terms and conditions of appointment as required under *The Regional Colleges Act*. (2011 Report – Volume 2; Public Accounts Committee agreement October 4, 2012)

**Status** – Implemented.

All contracts for CEO's have been approved by the Minister of Advanced Education. Advanced Education enhanced its processes to ensure chief executive officers' draft contracts are vetted by Advanced Education officials prior to a recommendation being provided to the Minister.

### 3.4 Information Technology Controls Need Improvement

We recommended the Ministry of Advanced Education and Immigration follow its established procedures for removing user access to its computer systems and data. (2010 Report – Volume 2; Public Accounts Committee agreement January 20, 2011)

**Status** – We continue to make this recommendation.

As in prior years, Advanced Education did not follow its processes for promptly removing user access from individuals who no longer work for Advanced Education. For example, we found 7 out of 15 individuals tested did not have their network access removed promptly. In one instance, access was not removed until 38 days after employment ended. If former employees do not have access removed by the day of termination, it increases the risk of inappropriate access to Advanced Education's systems and data.

Advanced Education also provided additional enhanced user access to certain individuals. However, it did not maintain a listing of the individuals and the rationale for why they needed this access. Advanced Education did not know if these individuals still needed this access. As part of Advanced Education's established procedures, it also needs to remove unnecessary user access from current employees.

We recommended the Ministry of Advanced Education, Employment and Labour prepare an information technology strategic plan. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

**Status** – We continue to make this recommendation.

Advanced Education is working on developing an information technology (IT) strategic plan.

An IT strategic plan can help management ensure IT initiatives are appropriate to meet Advanced Education's direction. It would also help management determine if it has addressed all the threats and risks to Advanced Education's security. Advanced Education needs an IT strategic plan to ensure its use of resources supports its strategic objectives.

We recommended 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. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

**Status** – We continue to make this recommendation.



During the year, Advanced Education signed a memorandum of understanding with the Information Technology Office (ITO). However, additional work is required to outline disaster recovery. As a result, neither Advanced Education nor ITO know whether systems and data can be restored when needed by Advanced Education in the event of a disaster. This could result in Advanced Education not being able to provide timely services to the public.

We recommended 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. (2008 Report – Volume 3; Public Accounts Committee agreement December 9, 2008)

**Status** – We continue to make this recommendation.

Advanced Education is working with ITO to implement a security plan, including security policy guidance, reporting improvements, employee awareness, better system access controls and security audits. Currently, Advanced Education does not know if ITO is addressing Advanced Education's security needs.

### 3.5 Human Resource Plan

We recommended that the Ministry of Advanced Education, Employment and Labour develop a human resource plan. (2007 Report – Volume 3; Public Accounts Committee agreement January 8, 2008)

**Status** – Implemented.

Advanced Education has now developed a human resource plan. The plan identifies key issues and needs related to Advanced Education's workforce.

## 4.0 EXHIBITS

### 4.1 Status of Previous Recommendations of the Standing Committee on Public Accounts

The following exhibit provides an update on recommendations agreed to by PAC that are not discussed earlier in this chapter. Our intent is to follow up outstanding recommendations in upcoming reports.



PAC Report Year	Outstanding Recommendation	Status
<b>Ministry of Advanced Education, Employment and Immigration – Construction Projects</b> (2004 Report – Volume 1)		
2005	13-2 that the Ministry of Advanced Education, Employment and Immigration (formerly 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 risk on approved capital projects.	<b>Implemented</b> Advanced Education has processes in place to identify and mitigate significant risks.
<b>Saskatchewan Institute of Applied Science and Technology – Human Resource Capacity</b> (2006 Report – Volume 1)		
2007	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 of February 28, 2010)
<b>Saskatchewan Institute of Applied Science and Technology – Risk Management</b> (2008 Report – Volume 3)		
2009	2-5 that the Saskatchewan Institute of Applied Science and Technology's Board use more comprehensive risk management policies and procedures that: <ul style="list-style-type: none"> <li>- define key terms and processes</li> <li>- assign roles and responsibilities for risk management</li> <li>- require risks be identified in relation to strategic objectives</li> <li>- require analysis of risk likelihood and impact including timeframes</li> <li>- set criteria to evaluate risk tolerance</li> <li>- outline guidance to treat key risks</li> </ul>	<b>Partially implemented</b> (as of August 31, 2010)
2009	2-6 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.	<b>Partially implemented</b> (as of August 31, 2010)