

Chapter 2

School Divisions

1.0 MAIN POINTS

This chapter reports the results of the annual audits of the 28 school divisions for the year ended August 31, 2016. The 2015-16 financial statements of each of these school divisions are reliable, and each complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

Twenty-five school divisions had effective rules and procedures to safeguard public resources. We make recommendations for improvements to three school divisions. Holy Family needs to independently review and approve journal entries. Northern Lights continues to need to test its IT disaster recovery plan, and Sun West needs to document its IT disaster recovery plan. In addition, in 2015-16 four school divisions improved their financial-related controls.

2.0 INTRODUCTION

The Education Act, 1995 and regulations set out the roles and responsibilities of the Ministry of Education (Ministry) and Saskatchewan's 28 school divisions (see **Appendix 2**). Over 179,000 students attend more than 750 Saskatchewan schools each day.¹

Elected boards of education (school boards), including the Conseil scolaire fransaskois (French language schools), are responsible for administering and managing provincially-funded schools (i.e., public, separate, or French language). **Figure 1** provides the combined financial results of the 28 school divisions for 2014-15 and 2015-16.

Figure 1—School Divisions' Combined Financial Results

	2015-16	2014-15
	(in billions)	
Net Financial Assets	\$ 0.2	\$ 0.2
Non-financial Assets (e.g., capital assets such as schools)	2.3	1.9
Ministry of Education Grants	1.6	1.3
Property Taxes	0.7	0.7
Other Revenue (e.g., school generated funds, tuition)	0.2	0.2
Total Revenue	2.5	2.2
Expenses	\$ 2.1	\$ 2.1
Annual Surplus	\$ 0.4	\$ 0.1

Source: Audited school division financial statements.

¹ www.publications.gov.sk.ca/documents/11/95843-2016%20Provincial%20Enrolment%20Statistics.pdf (8 March 2017); Saskatchewan schools do not include schools under the responsibility of First Nations or private schools.



3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with appointed auditors (see **Appendix 2**) to carry out the annual integrated audits of the school divisions. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.²

In our opinion, for the year ended August 31, 2016:

- › **Each school division complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Education Act, 1995
The Education Regulations, 1986
The Financial Administration Act, 1993 (section 38)
The Pension Benefits Act, 1992 (section 44)
The Pension Benefits Regulations, 1993 (section 38)
Pension Benefit Standards Regulations, 1985 (Canada) (sections 9[1], 11[1])

- › **The financial statements of each school division are reliable**
- › **Each school division had effective rules and procedures to safeguard public resources except for the matters related to the following school divisions: Holy Family, Northern Lights, and Sun West**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of each school division's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

As school divisions' expenses consist primarily of payroll and other goods and services, each audit included examining processes for preparing and processing payroll, and ordering, paying for, and receiving goods and services. Also, as each school division uses IT systems to operate, we examined school divisions' processes to safeguard financial-related IT systems and data.

4.0 KEY FINDINGS BY SCHOOL DIVISION

4.1 Holy Family Roman Catholic Separate School Division No. 140

4.1.1 Independent Review and Approval of Journal Entries Needed

During 2015-16, Holy Family Roman Catholic Separate School Division No. 140 (Holy Family) did not follow its policy for journal entries.

² See our website at www.auditor.sk.ca.

Holy Family's policy requires journal entries to be independently reviewed and approved by another person prior to entry into the accounting records. During the year, Holy Family did not review and approve journal entries.

Lack of independent review and approval increases the risk of unauthorized entries made into the accounting records, which could result in decision makers using inaccurate financial information.

1. We recommend that Holy Family Roman Catholic Separate School Division No. 140 follow its policy for recording amounts (i.e., journal entries) in its accounting records including independent review and approval.

4.2 Northern Lights School Division No. 113

4.2.1 Tested IT Disaster Recovery Plan Needed

We recommended that Northern Lights School Division No. 113 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)

Status – Partially Implemented

During 2014-15, Northern Lights School Division No. 113 had completed, approved, and implemented an IT disaster recovery plan. However, at August 2016, it had not yet tested its plan.

Without a tested IT disaster recovery plan, the school division does not know if it could continue to deliver its programs and services if disruption or damage occurred to its IT systems (e.g., accounting system).

4.3 Sun West School Division No. 207

4.3.1 Documented Disaster Recovery Plan Needed

During 2015-16, Sun West School Division No. 207 (Sun West) had procedures in place to address how it would continue to deliver its programs and services if disruption or damage occurred to its IT systems (e.g., accounting system). However, Sun West has not documented these procedures.

A formal documented disaster recovery plan would assist Sun West in carrying out proper procedures in the event of a disruption or if key IT staff were to leave the organization.



- 2. We recommend that Sun West School Division No. 207 formally document its IT disaster recovery plan.**

5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISION

Figure 2 sets out, by school division, past recommendation(s) and highlights key actions taken to implement each of them during 2015-16.

Figure 2—Implemented Recommendations by School Division

Past Recommendation (Initial PAS Report, Date of Agreement of PAC) ^A	Key Actions Taken During 2015-16 to Implement Recommendations
Chinook School Division No. 211	
We recommended that Chinook School Division No. 211 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)	By August 2016, Chinook had tested its approved IT disaster recovery plan.
Holy Trinity Roman Catholic Separate School Division No. 22	
We recommended that Holy Trinity Roman Catholic Separate School Division No. 22 only pay for purchases that are properly authorized. (2016 Report – Volume 1; Public Accounts Committee agreement September 14, 2016)	During 2015-16, Holy Trinity followed its purchasing policy requiring an appropriate authority (e.g., supervisor) to review and approve items prior to payment.
Ile-a-la Crosse School Division No. 112	
We recommended that Ile-a-la Crosse School Division No. 112 formally document and implement a policy for recording amounts (i.e., journal entries) in its accounting records including independent review and approval. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)	During 2015-16, Ile-a-la Crosse revised its policy for recording journal entries. The Director of Education must review and approve journal entries.
We recommended that Ile-a-la Crosse School Division No. 112 develop financial management policies and procedures to address its financial risks. (2016 Report – Volume 1; Public Accounts Committee agreement September 14, 2016)	During 2015-16, Ile-a-la Crosse implemented policies and procedures to manage its financial risks. For example, its Board of Education reviews and approves invoices and payments, and receives quarterly financial statements and variance analysis. The school division also implemented a policy on asset management.
Lloydminster Public School Division No. 99	
We recommended that Lloydminster Public School Division No. 99 review and approve cheque registers prior to printing signed cheques for payment. (2016 Report – Volume 1; Public Accounts Committee agreement September 14, 2016)	During 2015-16, Lloydminster Public revised its processes to review and approve cheque registers prior to issuing payments (e.g., printing of cheques that the accounting system automatically signs for payment).

^A PAS – Provincial Auditor of Saskatchewan.

PAC – Standing Committee on Public Accounts.