

## 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, 2017. The 2016-17 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-three school divisions had effective rules and procedures to safeguard public resources. We recommend improvements to five school divisions. Ile a la Crosse needs to independently review and approve monthly bank reconciliations. Prairie Spirit needs to independently review and approve purchase card transactions. Prince Albert Roman Catholic and Saskatoon need to follow their purchasing policies. Sun West needs to complete documentation of its IT disaster recovery plan. In addition, in 2016-17 two school divisions improved their financial-related controls (see **Section 5.0**).

#### 2.0 INTRODUCTION

Over 182,000 students attend more than 770 provincially funded schools each day.<sup>1</sup> *The Education Act, 1995* and related regulations set out the roles and responsibilities of the Ministry of Education and Saskatchewan's 28 school divisions.

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 2015-16 and 2016-17. See **Appendix 2** for a listing of the school divisions.

**Figure 1—School Divisions' Combined Financial Results**

	2016-17	2015-16
	(in billions of \$)	
Net Financial Assets	0.2	0.2
Non-financial Assets (e.g., capital assets such as schools)	2.5	2.3
Ministry of Education Grants	1.5	1.6
Property Taxes	0.7	0.7
Other Revenue (e.g., school generated funds, tuition)	0.2	0.2
Total Revenue	2.4	2.5
Expenses	2.1	2.1
Annual Surplus	0.3	0.4

Source: Audited school division financial statements for years ending August 31.

<sup>1</sup> [www.publications.gov.sk.ca/documents/11/104736-2017%20Provincial%20Enrolment%20Statistics.pdf](http://www.publications.gov.sk.ca/documents/11/104736-2017%20Provincial%20Enrolment%20Statistics.pdf) (22 January 2018); 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*.<sup>2</sup>

**In our opinion, for the year ended August 31, 2017:**

- **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: Ile a la Crosse, Prairie Spirit, Prince Albert Roman Catholic, Saskatoon, and Sun West**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audits. 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 Ile a la Crosse School Division No. 12

#### **Independent Review and Approval of Bank Reconciliations Needed**

Ile a la Crosse School Division No. 12 did not follow its policy to prepare, and independently review and approve monthly bank reconciliations during the year. The school division only prepared bank reconciliations at the end of the year.

<sup>2</sup> See our website at [www.auditor.sk.ca](http://www.auditor.sk.ca).

Regular reconciliations, and the review and approval of such reconciliations checks that all charges to bank accounts are proper and all money has been received and deposited into the right accounts. It also checks the accuracy and reliability of the accounting records.

1. We recommend that Ile a la Crosse School Division No. 12 independently review and approve monthly bank reconciliations.

## 4.2 Prairie Spirit School Division No. 206

### Independent Review and Approval of Purchase Card Transactions Needed

Prairie Spirit School Division No. 206 utilizes purchase cards (i.e., credit cards) to pay for certain expenditures. Audit testing of purchases identified that school principals had authority to approve their own purchase card transactions. Further, there was no independent review and approval of their monthly purchases. This increases the risk of inappropriate purchases being made, or misappropriation of assets.

2. We recommend that Prairie Spirit School Division No. 206 independently review and approve all purchase card transactions.

## 4.3 Prince Albert Roman Catholic Separate School Division No. 6

### Compliance with Purchasing Policy Needed

Prince Albert Roman Catholic Separate School Division No. 6 did not consistently follow its purchasing policy during the year. The school division's policy requires that for purchases over \$500 staff complete a purchase order. Audit testing found three instances where the school division did not complete purchase orders as expected. This increases the risk the school division may acquire unnecessary goods or services or not obtain best value.

3. We recommend that Prince Albert Roman Catholic Separate School Division No. 6 follow its purchasing policy.

## 4.4 Saskatoon School Division No. 13

### Compliance with Purchasing Policy Needed

During 2016-17, Saskatoon School Division No. 13 did not consistently follow its purchasing policy. The school division's purchasing policy requires approval of purchases prior to payment. Audit testing found that the school division did not approve the purchase of a tangible capital asset prior to payment. This increases the risk the school division may acquire unnecessary goods or services or not obtain best value.

4. We recommend that Saskatoon School Division No. 13 follow its purchasing policy.



## 4.5 Sun West School Division No. 207

### Documented Disaster Recovery Plan Needed

***We recommended that Sun West School Division No. 207 formally document its IT disaster recovery plan.*** (2017 Report – Volume 1; Public Accounts Committee had not yet considered this recommendation as of April 25, 2018)

**Status** – Partially Implemented

During 2016-17, Sun West School Division No. 207 documented some of its procedures for IT disaster recovery. The school division had not completed its IT disaster recovery plan. A formal documented disaster recovery plan would assist the school division in carrying out proper procedures in the event of a disruption or damage to its IT systems (e.g., accounting system) or if key IT staff were to leave the organization.

## 5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISION

**Figure 2** sets out, by school division, past recommendations and highlights key actions taken to implement each of them during 2016-17.

**Figure 2—Implemented Recommendations by School Division**

Past Recommendation (Initial PAS Report, Date of Agreement of PAC) <sup>A</sup>	Key Actions Taken During 2016-17 to Implement Recommendations
<b>Holy Family Roman Catholic Separate School Division No. 140</b>	
We recommended 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. (2017 Report – Volume 1; Public Accounts Committee had not yet considered this recommendation as of April 25, 2018)	During 2016-17, Holy Family followed its policy for recording journal entries, including independent review and approval.
<b>Northern Lights School Division No. 113</b>	
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)	By August 2017, Northern Lights tested its approved IT disaster recovery plan.

<sup>A</sup> PAS – Provincial Auditor of Saskatchewan

PAC – Standing Committee on Public Accounts