

Chapter 2

Carlton Trail College

1.0 MAIN POINTS

Carlton Trail College had effective rules and procedures to safeguard public resources other than it did not require staff to independently review and approve journal entries. Lack of independent review and approval increases the risk of unauthorized or inaccurate entries made into the accounting records, which could result in decision makers using inaccurate financial information.

In 2017-18, Carlton Trail had reliable financial statements. It also complied with the authorities governing its activities related to financial reporting and safeguarding public resources.

2.0 INTRODUCTION

Carlton Trail, one of Saskatchewan's seven regional colleges, operates in the area around Humboldt, Southey, Watrous, and Wynyard. Carlton Trail educates about 2,300 students each year in over 30 communities.¹ The College offers adult basic education classes, skills training (e.g., practical nursing, security officer), and access to online university credit classes.

As shown in **Figure 1**, in 2017-18, the College had revenues of \$6.8 million and expenses of \$6.4 million.

Figure 1 – Financial Overview

	Budget 2017-18	Actual 2017-18
	(in millions)	
Provincial Government	\$ 4.8	\$ 5.0
Federal Government	0.6	0.2
Other revenue	_____ 1.9	_____ 1.6
Total Revenues	\$ 7.3	\$ 6.8
General	2.8	2.8
Skills training	2.4	2.0
Basic education	1.4	1.3
Services	0.8	0.2
Scholarships	_____ 0.1	_____ 0.1
Total Expenses	\$ 7.5	\$ 6.4
Annual Surplus (Deficit)	\$ (0.2)	\$ 0.4

Source: Carlton Trail College audited financial statements for the year ended June 30, 2018.

¹ Carlton Trail College, *Annual Report 2016-17*, p. 15.



3.0 AUDIT CONCLUSIONS

Our Office worked with Cogent Chartered Professional Accountants LLP, the appointed auditor, to carry out the audit of Carlton Trail College. 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 June 30, 2018:

- **Carlton Trail College had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **Carlton Trail College complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

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 Income Tax Act, 2000 (Saskatchewan)
The Executive Government Administration Act
Orders in Council issued pursuant to the above legislation
The Financial Administration Manual
The Regional Colleges Accounting and Reporting Manual

- **Carlton Trail College had reliable financial statements**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. We used the control framework published by CPA Canada to make our judgments about the effectiveness of Carlton Trail’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.

We examined the effectiveness of Carlton Trail’s processes for preparing and processing payroll, and paying for and receiving goods and services. We also examined the effectiveness of the controls used to safeguard financial-related IT systems and data.

4.0 KEY FINDING AND RECOMMENDATION

Carlton Trail did not require staff to independently review and approve journal entries.

Five staff (e.g., accounting clerks, Vice-President of Finance) had access to make journal entries in the accounting system. The College’s accounting system did not segregate access for preparation and approval of journal entries. Audit testing identified that all five staff made journal entries without independent review and approval.

Carlton Trail did not have a policy requiring its staff to independently review and approve journal entries. Lack of independent review and approval increases the risk of unauthorized or inaccurate entries to the accounting records resulting in errors in Carlton Trail’s financial information.

- 1. We recommend that Carlton Trail College require staff to independently review and approve journal entries.**

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