

Chapter 1

School Divisions

1.0 MAIN POINTS

This chapter summarizes the results of the 2017-18 annual audits of the 28 school divisions. The 2017-18 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-six school divisions had effective rules and procedures to safeguard public resources. Lloydminster Public needs to independently review and approve monthly bank reconciliations and journal entries. Sun West needs to complete documentation of its IT disaster recovery plan. Also, in 2017-18, four school divisions improved their financial-related controls and implemented previous recommendations.

2.0 INTRODUCTION

Over 184,000 students attend more than 760 provincially funded schools each day.¹ *The Education Act, 1995* and related regulations set out the roles and responsibilities of the Ministry of Education and Saskatchewan's 28 school divisions.²

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 2016-17 and 2017-18. **Appendix 2** of this Report includes a listing of the school divisions.

Figure 1 – School Divisions' Combined Financial Results

	2017-18	2016-17
	(in billions of \$)	
Net Financial Assets (i.e., financial assets [like cash and receivables] less liabilities [like accounts payable and debt])	0.2	0.2
Non-financial Assets (e.g., capital assets such as schools)	2.4	2.5
Grants from the Ministry of Education	1.6	1.5
Property Taxes	0.3	0.7
Other Revenue (e.g., school generated funds, tuition)	0.2	0.2
Total Revenue	2.1	2.4
Expenses	2.2	2.1
Annual (Deficit) Surplus	(0.1)	0.3

Source: Audited school division financial statements.

¹ publications.gov.sk.ca/documents/11/95843-2018-19%20Enrolment%20Stats.pdf (5 March 2019); Saskatchewan schools do not include schools under the responsibility of First Nations or private schools.

² Englefeld Protestant Separate School Division No. 132 voluntarily amalgamated with Horizon School Division No. 205 on June 30, 2018.



3.0 AUDIT CONCLUSIONS

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*.³

In our opinion, for the years ended June 30, 2018 and August 31, 2018:⁴

- **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, 2015
The School Division Administration Regulations
The Education Property Tax Act
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: Lloydminster Public 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.

³ See our website at www.auditor.sk.ca.

⁴ Englefeld Protestant Separate School Division No. 132 voluntarily amalgamated with Horizon School Division No. 205 on June 30, 2018.

4.0 KEY FINDINGS BY SCHOOL DIVISION

4.1 Lloydminster Public School Division No. 99

Independent Review and Approval of Bank Reconciliations Needed

Lloydminster Public School Division No. 99 did not independently review and approve monthly bank reconciliations.

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 Lloydminster Public School Division No. 99 independently review and approve monthly bank reconciliations.

Independent Review and Approval of Journal Entries Needed

Lloydminster Public School Division No. 99 did not independently review and approve journal entries. Audit testing identified that two staff made journal entries, and there was no independent review and approval of 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.

2. We recommend that Lloydminster Public School Division No. 99 independently review and approve journal entries.

4.2 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, p. 22, Recommendation 2; Public Accounts Committee agreement June 12, 2018)

Status – Partially Implemented

By August 2018, Sun West School Division No. 207 drafted an IT disaster recovery plan. The Division expects to finalize and approve the disaster recovery plan during 2018-19.

A formal documented disaster recovery plan would assist the school division in restoring its critical IT systems and data (e.g., accounting system) in the event of a disaster.



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 2017-18.

Figure 2—Implemented Recommendations by School Division

Past Recommendation (Initial PAS Report, Date of Agreement of PAC) ^A	Key Actions Taken During 2017-18 to Implement Recommendations
Île-à-la Crosse School Division No. 12	
We recommended that Ile a la Crosse School Division No. 12 independently review and approve monthly bank reconciliations. (2018 Report – Volume 1, p. 21, Recommendation 1; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Ile a la Crosse followed its policy for preparing and independently reviewing and approving monthly bank reconciliations.
Prairie Spirit School Division No. 206	
We recommended that Prairie Spirit School Division No. 206 independently review and approve all purchase card transactions. (2018 Report – Volume 1, p. 21, Recommendation 2; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Prairie Spirit independently reviewed and approved purchase card transactions.
Prince Albert Roman Catholic Separate School Division No. 6	
We recommended that Prince Albert Roman Catholic Separate School Division No. 6 follow its purchasing policy. (2018 Report – Volume 1, p. 21, Recommendation 3; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Prince Albert Roman Catholic followed its purchasing policy.
Saskatoon School Division No. 13	
We recommended that Saskatoon School Division No. 13 follow its purchasing policy. (2018 Report – Volume 1, p. 21, Recommendation 4; Public Accounts Committee had not yet considered this recommendation as of April 25, 2019)	During 2017-18, Saskatoon followed its purchasing policy.

^APAS – Provincial Auditor of Saskatchewan
PAC – Standing Committee on Public Accounts