

Chapter 17

Education—Capital Asset Planning for Schools

1.0 MAIN POINTS

By January 2019, the Ministry of Education had implemented one of the last two remaining recommendations we made in our 2013 audit of its capital asset planning processes for Pre-Kindergarten (Pre-K) to Grade 12 educational facilities.

The Ministry established a capital asset strategy. The strategy includes the development of a 10-year capital asset plan for the provincial Pre-K to Grade 12 system.

Working with school divisions, it developed a comprehensive manual about infrastructure planning and related funding programs. The Ministry and school divisions are using the guidance to better co-ordinate infrastructure planning for educational facilities across the province.

The Ministry has not yet determined how it will monitor the success of the capital asset strategy. Rather it had focused its monitoring efforts on evaluating some of its infrastructure funding programs (e.g., major capital, relocatables).

2.0 INTRODUCTION

2.1 Background

The Education Act, 1995 gives the boards of education the responsibility for the administration and management of school facilities, with oversight from the Ministry. The Ministry has the responsibility to oversee capital asset projects for the entire provincial Pre-K to Grade 12 system. Each school division is responsible for identifying and analyzing its capital asset needs as compared to existing capacity.

The Act also requires the Ministry to approve all major capital projects such as construction of new school buildings, additions to existing school buildings, or major renovations of school buildings. Each division is also responsible for seeking Ministry approval for projects to meet identified needs. The Ministry is responsible for aligning capital project funding with the educational needs of communities and the provincial Pre-K to Grade 12 system as a whole.

Effective capital asset planning processes can reduce the risk of aging schools and infrastructure in the province. They help the Ministry of Education to ensure the right size of schools are in the right location, and reduce the risk of funding lower priority capital projects.



2.2 Focus of Follow-Up Audit

Our *2013 Report – Volume 1*, Chapter 8, reported that the Ministry did not have effective capital asset planning processes for facilities to house and support educational programs and instructional services for students in divisions. It included eight recommendations. The Ministry had implemented six of eight recommendations and partially implemented two recommendations by December 31, 2016.¹

This chapter describes the results of our third follow-up of management's actions on the two outstanding recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance (CSAE 3001)*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Ministry management agreed with the criteria in the original audit.

To carry out our follow-up audit, we discussed actions taken with Ministry management and reviewed appropriate documentation related to capital planning such as the Capital Manual for Saskatchewan School Divisions and program evaluations.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 31, 2019, and the Ministry's actions up to that date.

3.1 Education Sector Capital Asset Strategy Developed

We recommended that the Ministry of Education develop and use a capital asset strategy that co-ordinates overall capital needs for schools in the provincial Pre-Kindergarten to Grade 12 system. (2013 Report – Volume 1, p.71, Recommendation 1; Public Accounts Committee agreement January 14, 2015)

Status – Implemented

The Ministry has developed a capital asset strategy. The strategy includes principles of developing a capital plan, goals, considerations, and desired content of plans. The strategy incorporates school facilities for Pre-K to Grade 12 schools across the province. In general, its capital asset strategy is to have a 10-year capital asset plan for the provincial Pre-K to Grade 12 system.

Having long-term capital plans is consistent with good practice. A 10-year capital asset plan provides school division boards with information and insight to inform decision making for future capital asset priorities and for strategies to manage facilities (e.g., construct, renovate, and modernize).

¹ Previous follow-ups of the Ministry's actions on recommendations were reported in our *2015 Report – Volume 1*, Chapter 20 and *2017 Report – Volume 1*, Chapter 19.

Since 2017, the Ministry has implemented its capital asset strategy through the creation of a comprehensive manual—*Capital Manual for Saskatchewan School Divisions*. The Ministry developed the manual in collaboration with school divisions. The Ministry hopes the manual will help in providing a clearer understanding of both roles of school divisions and the Ministry with respect to infrastructure maintenance and capital planning.

The manual includes detailed guidance for school divisions about infrastructure planning, infrastructure funding, school utilization, and community use of school facilities (policies, templates, expected processes).² Under infrastructure funding, the manual describes each of the Ministry’s key funding programs (major capital, preventative maintenance and renewal, relocatable classroom, and emergent funding). By December 2018, the Ministry published the manual on the Government’s website.³

We found the manual contained sufficient detail to assist school divisions in developing their 10-year capital plans, and in gathering and submitting key information (e.g., facility condition index, school utilization) to the Ministry to support the 10-year capital asset plan.

We found the information that school divisions are to submit is sufficient to inform Ministry decisions on which schools to build and/or renovate.

The manual outlines the Ministry approach to prioritizing school division requests for major capital projects (see **Figure 1**). Having a documented approach helps the Ministry prioritize projects on a consistent basis, and should help school divisions understand the Ministry’s decisions.

Figure 1 – Ministry Major Capital Project Prioritization Approach Effective for 2019-20 Budget Cycle

The prioritization approach places the greatest priority on health and safety. It incorporates a new formula for calculating school utilization. It applies the following eight factors with a rating system based on a two- to three-point scale:

1. **Health and Safety:** addresses elements that pose risk to student/teacher health and safety.
2. **Utilization:** reflects how full a school is, shown as a percentage of capacity.
3. **Efficiency:** incentivizes consolidation of schools and joint-use projects.
4. **New Growth:** recognizes enrolment pressures in new communities/subdivisions.
5. **Functionality/Contribution to Program:** addresses functionality/programming concerns.
6. **Contribution to Community:** recognizes project’s positive impacts on the community.
7. **Facility Condition:** reflects the general condition of the school using the Facility Condition Index.
8. **Project Evaluation based on Provincial Priorities:** assesses the most effective and efficient means to address each project by examining alternative funding options.

Some factors, like health and safety, receive a greater weighting than others.

Source: *Capital Manual for School Divisions*.

We reviewed five of the Ministry’s evaluations of school division requests for major capital asset projects. We found that, for each of these projects, the Ministry used guidance as set out in the manual to prioritize and make decisions about each of these requests.

Having a capital asset plan for the provincial Pre-K to Grade 12 system provides a foundation for coordinated analysis and decisions about educational infrastructure.

² The manual includes links to the Ministry’s website and current capital policies and guidelines.

³ publications.gov.sk.ca/documents/11/109593-Capital%20Manual%20for%20Sask%20School%20Divisions.pdf (5 March 2019).



3.2 Means to Monitor Success of Capital Asset Strategy Not Yet Determined—Evaluations of Funding Programs Underway

We recommended that the Ministry of Education develop and implement measures and targets to monitor the success of its capital asset strategy across the provincial Pre-Kindergarten to Grade 12 System. (2013 Report – Volume 1, p.85, Recommendation 8; Public Accounts Committee agreement January 14, 2015)

Status – Partially Implemented

As of January 2019, the Ministry had not determined measures or set targets to monitor the success of its capital asset strategies (e.g., analysis of utilization to assess whether schools were built in the right place at the right time, expected versus actual life-cycle costs, number of capital projects completed within budget, etc.).

The Ministry plans to set measures and targets to measure the success of its Capital Asset Strategy.⁴ It also plans to identify opportunities for improvement for its infrastructure programs with regular evaluations and collaboration with school divisions.

As of January 2019, the Ministry had focused its monitoring efforts on evaluating its infrastructure funding programs (e.g., major capital, relocatable, emergent). The evaluations consisted of surveys and discussions with schools divisions involved in the program. The Ministry expects to use of the results of these evaluations to help it improve programming.

By January 2019, it had evaluated the prioritization process used in its major capital program, and was evaluating the relocatable classroom program. We found for the evaluations done or underway the Ministry had not set evaluation criteria to cover all aspects of the program. The Ministry expects to evaluate its emergent, and other aspects of its major capital project programs in 2019 and 2020 respectively.

Without measures and targets to evaluate the success of its capital asset strategies, the Ministry cannot appropriately measure whether capital funding is effectively used. Performance measures can assist organizations in identifying strategies that are not effective to allow timely adjustments.

⁴ Ministry of Education *Annual Report 2017-2018*, p. 26.