

Chapter 14

Saskatchewan Polytechnic

1.0 MAIN POINTS

Saskatchewan Polytechnic had effective rules and procedures to safeguard public resources, complied with relevant authorities, and had reliable financial statements.

During 2018–19, Saskatchewan Polytechnic did not follow good practice when paying compensation for a loss incurred by a member of its management.

2.0 INTRODUCTION

2.1 Background

Saskatchewan Polytechnic, established under *The Saskatchewan Polytechnic Act*, is Saskatchewan's primary provider of post-secondary education in applied education, training and research.¹ It offers certificate, diploma and degree programs and apprenticeship training at campuses in Prince Albert, Regina, Moose Jaw and Saskatoon to more than 17,000 students, with approximately 1,600 full-time equivalent staff.² At June 30, 2019 Saskatchewan Polytechnic had an accumulated surplus of \$58.8 million (2018 – \$61.8 million).

Figure 1—Financial Overview

	Estimates 2018–19	Actuals 2018–19
	(in millions)	
Grants and Contractual Services	\$ 186.8	\$ 187.0
Tuition and Fees	47.2	47.2
Sales	11.7	10.5
Other	<u>2.5</u>	<u>3.1</u>
Total Revenue	\$ 248.2	\$ 247.8
Salaries and Benefits	174.1	170.5
Facilities	33.0	32.5
Operational Supplies and Expenses	22.1	23.9
Other	24.0	23.9
Total Expense	\$ 253.2	\$ 250.8
Annual Deficit	\$ (5.0)	\$ (3.0)

Source: Saskatchewan Polytechnic June 30, 2019 audited financial statements.

¹ Applied education and training includes academic, scientific, trade, technical, technological and vocational fields of education.

² *Saskatchewan Polytechnic Annual Report 2017–18*, p. 5 and 12.



3.0 AUDIT CONCLUSIONS

Our Office worked with KPMG LLP, to carry out the joint audit of Saskatchewan Polytechnic. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.³

In our opinion, for the year ended June 30, 2019:

- **Saskatchewan Polytechnic had effective rules and procedures to safeguard public resources**
- **Saskatchewan Polytechnic complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Saskatchewan Polytechnic Act
The Saskatchewan Polytechnic Regulations
The Post-Secondary Education and Skills Training Act
The Financial Administration Act, 1993
Orders in Council issued pursuant to the above legislation

- **Saskatchewan Polytechnic had reliable financial statements**

This chapter includes a significant matter.

We used standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (including CSAE 3001 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* to make our judgments about the effectiveness of Saskatchewan Polytechnic's controls.

Saskatchewan Polytechnic's primary revenue sources are tuition, contract services and grants, and its primary expenses are salaries. The audit focused on processes for initiation, authorization, processing and recording provincial and federal grant revenues, contract services and tuitions. It also included data analysis of payroll.

4.0 OTHER MATTER

4.1 Compensation for Loss Payment

Saskatchewan Polytechnic did not follow good practice when paying compensation for a personal loss incurred by a member of its management.

In August 2018, a member of Saskatchewan Polytechnic's management fell victim to a phishing scam. In October 2018, Saskatchewan Polytechnic provided the individual with compensation of \$3,810 for the loss.

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

Saskatchewan Polytechnic does not have a Compensation for Loss Payments policy to guide payments for these circumstances.

Treasury Board's publicly available *Risk Management Policies* includes a Compensation for Loss Payments policy for ministries outlining criteria for payment and a maximum amount of \$1,000 for reasonable compensation for losses incurred by employees (i.e., FAM 4110).⁴

We consider Treasury Board's policy to be good practice.

While Saskatchewan Polytechnic is not required to follow this policy, our comparison of the above matter to the Treasury Board's payment criteria found Saskatchewan Polytechnic's compensation for loss payment would not have met the Treasury Board's criteria for payment.

- 1. We recommend Saskatchewan Polytechnic establish a policy to guide compensating for losses of its employees.**

⁴ Government of Saskatchewan Treasury Board (2018), *Financial Administration Manual*, Compensation for Loss Payments. Regina: Author applications.saskatchewan.ca/fam/pdf/4110.pdf (12 September 2019)

