

## Chapter 15

# Saskatoon School Division No. 13—Pension Plan for Non-Teaching Employees of the Saskatoon Board of Education

### 1.0 MAIN POINTS

The Saskatoon School Division No. 13 is responsible for administering The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education, and paying the costs of the Plan. Properly administering the Plan is key to providing benefits to which plan members are entitled, and managing the costs of the Plan.

Other than the following matter, the Division had effective financial processes to administer the Plan.

Even though the Plan holds a significant amount of cash and investments, the Division had not reviewed or approved monthly bank and investment reconciliations for the Plan for at least 17 months (from December 2017 to May 2019).

Failing to promptly review and approve reconciliations puts the Division at risk of not detecting errors or fraud in the Plan's records and accounts within a reasonable timeframe.

### 2.0 INTRODUCTION

Saskatoon School Division No. 13 of Saskatchewan is the largest school division in the province. It educates over 26,000 students in 48 elementary schools, 10 collegiates, two associate schools, one alliance school, one Grades 1–12 school, and a variety of off-site educational programs.<sup>1</sup> It is located in Saskatoon and includes the Whitecap Dakota First Nation.

The Division employs approximately 2,800 full-time equivalents of which approximately 36% are in non-teaching roles.<sup>2</sup>

The Division sponsors and administers The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education, a defined benefit pension plan for School Division employees ineligible to participate in the Saskatchewan Teachers' Retirement Plan or the Saskatchewan Teachers' Superannuation Plan. As of December 2018, the Plan had about 1,500 members of which about one-fifth are pensioners.<sup>3</sup>

As shown in **Figure 1**, the pension obligations of the Plan (i.e., amounts owing to plan members) are \$131.6 million at December 31, 2018.<sup>4,5</sup> The Division is responsible for paying for the costs of the plan (pension obligation).

<sup>1</sup> *Saskatoon Public Board of Education Annual Report 2017–18*, p. 6.

<sup>2</sup> Information as at June 28, 2019, provided by Saskatoon School Division No. 13.

<sup>3</sup> The Plan's December 31, 2017 actuarial valuation extrapolated to December 31, 2018.

<sup>4</sup> The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education Financial Statements for the year ended December 31, 2018, p. 7.

<sup>5</sup> The Plan's pension obligation is based on its last actuarial valuation of the obligation (as at December 31, 2017) with the results extrapolated to December 31, 2018.

**Figure 1—The Pension Plan for the Non-Teaching Employees Key Financial Information**

	2018	2017
	(in millions)	
Plan Assets	\$ 131.2	\$ 132.1
Plan Liabilities	0.2	0.2
<b>Net assets available for benefits</b>	\$ 131.0	\$ 131.9
Pension Obligations	131.6	126.6
<b>(Deficit) Surplus</b>	\$ (0.6)	\$ 5.3

Source: The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education Financial Statements for the year ended December 31, 2018.

### 3.0 AUDIT CONCLUSIONS

Our Office worked with Deloitte LLP, the appointed auditor, to carry out the audit of The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.<sup>6</sup>

**In our opinion, for the year ended December 31, 2018:**

- **The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education had effective rules and procedures to safeguard public resources, except for the matter reported below**
- **The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

*The Pension Benefits Act, 1992*  
*The Pension Benefits Regulations, 1993*  
*The Pension Benefits Standards Regulations, 1985 (Canada)*  
*The Income Tax Act*  
*The Income Tax Regulations*

- **The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education had reliable financial statements**

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 The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education's controls.

The audit focused on the Plan's pension obligation and investments. Work included evaluating the work of management's expert, and testing data and appropriateness of

<sup>6</sup> See our website at [www.auditor.sk.ca](http://www.auditor.sk.ca).

assumptions used to value the obligation. For investments, it included confirming details about the investments with the Plan's investment custodians and managers. The audit also included assessing processes for approving and monitoring investment policies, collecting contributions from plan members, approving and disbursing benefits to plan members, and periodic reconciliations of accounts including member contributions, payments, expenses, bank accounts and investment accounts.

## 4.0 KEY FINDING AND RECOMMENDATION

### 4.1 Monthly Review and Approval of Bank and Investment Reconciliations Needed

Management responsible for administering the Plan does not review and approve the Plan's bank and investment account reconciliations in detail on a monthly basis. As shown in **Figure 1**, at December 31, 2018, the Plan had cash and investments totalling \$131.2 million.

From December 2017 to May 2019, the Division had not carried out an independent review and approval of the bank and investment reconciliations that the Plan's manager prepared (a period of 17 months).

Timely bank and investment account reconciliations check the accuracy and reliability of the Plan's accounting records (e.g., detect unauthorized payments or unrecorded assets) and can identify bank errors, if any. Without timely independent review and approval of bank and investment reconciliations, the School Division risks using inaccurate financial records to make decisions and risks losing public money without timely detection.

- 1. We recommend that the Saskatoon School Division No. 13 complete monthly reviews of the bank and investment reconciliations for The Pension Plan for the Non-Teaching Employees of the Saskatoon Board of Education.**

