

## Chapter 2 School Divisions

### 1.0 MAIN POINTS

This chapter summarizes the results of the 2019–20 annual audits of the 27 school divisions. The 2019–20 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-five of the 27 school divisions had effective rules and procedures to safeguard public resources. Regina Public needs to follow its purchasing policy and publicly tender purchases, obtain prior approval to single-source purchases, and obtain appropriate approval for the purchases. Sun West needs to test its IT disaster recovery plan.

Also, in 2019–20, Northern Lights and Northwest each improved their financial-related controls by implementing previous recommendations.

### 2.0 INTRODUCTION

Over 184,000 students attend more than 770 provincially funded schools each day.<sup>1</sup> *The Education Act, 1995* and related regulations set out the roles and responsibilities of the Ministry of Education and Saskatchewan's 27 school divisions.

Elected boards of education (school boards), including the Conseil des Écoles Fransaskoises No. 310 (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 27 school divisions for 2018–19 and 2019–20.

**Figure 1—School Divisions' Combined Financial Results**

	2019–20	2018–19
	(in billions)	
<b>Net Financial Assets<sup>A</sup></b>	<u>\$ 0.3</u>	<u>\$ 0.2</u>
<b>Non-financial Assets<sup>B</sup></b>	<u>\$ 2.3</u>	<u>\$ 2.4</u>
Grants from the Ministry of Education	\$ 1.9	\$ 1.9
Other Revenue (e.g., property taxes, school generated funds)	<u>0.3</u>	<u>0.2</u>
<b>Total Revenue</b>	<u>\$ 2.2</u>	<u>\$ 2.1</u>
<b>Total Expense</b>	<u>\$ 2.2</u>	<u>\$ 2.2</u>
<b>Annual Surplus (Deficit)</b>	<u>\$ 0.0</u>	<u>\$ (0.1)</u>

Source: Audited school division financial statements years ending August 31.

<sup>A</sup> Net financial assets are financial assets (like cash and receivables) less liabilities (like accounts payable and debt).

<sup>B</sup> Non-financial assets includes capital assets such as schools and busses.

<sup>1</sup> [www.publications.saskatchewan.ca/#/products/83292](http://www.publications.saskatchewan.ca/#/products/83292) (8 March 2021); provincially funded schools do not include schools under the responsibility of First Nations or private schools.



## 3.0 AUDIT CONCLUSIONS

Our Office worked with appointed auditors 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*. See **Appendix 2** for the name of each school division and its appointed auditor.

**In our opinion, for the year ended August 31, 2020:**

- **Each school division had effective rules and procedures to safeguard public resources except for the matters related to Regina Public and Sun West school divisions**
- **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, 2019*  
*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**

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 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, audits included examining school divisions' processes to safeguard financial-related IT systems and data.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS BY SCHOOL DIVISION

### 4.1 Regina School Division No. 4—Purchasing Policy Not Followed for Facilities Department Contracts

Regina School Division No. 4 did not follow its purchasing policy and publicly tender purchases, obtain prior approval to single-source purchases, or obtain appropriate approval for certain Facilities Department purchases.

Regina Public's Facilities Department enters into about 30 contracts each year (e.g., lighting, painting). During 2019-20, the audit identified that Regina Public did not follow its purchasing policy.

Regina Public's purchasing policy require staff to follow appropriate purchasing processes and obtain the required approvals for purchases. For example, staff must publicly tender purchases of goods or services greater than \$75,000. Audit testing identified three facilities management contracts that did not follow purchasing processes. Regina Public did not:

- Publicly tender the contracts or authorize the use of single-source purchasing<sup>2</sup>
- Obtain the required signing authority approval for the purchases

Following its competitive procurement method policies for buying goods and services helps ensure staff treat suppliers equitably and fairly, and helps Regina Public buy goods and services at a fair price. Contracts entered into without the proper authority increase the risk of fraudulent transactions, or contracting for items Regina Public does not need.

1. **We recommend Regina School Division No. 4 follow its purchasing policy for its Facilities Department contracts.**

## 4.2 Sun West School Division No. 207—Disaster Recovery Plan Not Complete

***We recommended 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

In January 2019, Sun West School Division No. 207 finalized and approved a disaster recovery plan. As of August 2020, Sun West had not yet tested its disaster recovery plan.

Without an up-to-date and tested disaster recovery plan, Sun West does not know if it could continue to deliver its programs and services if disruption or damage occurred to its key IT systems (e.g., accounting system, student data system). Regular testing of its disaster recovery plan would confirm the plan's effectiveness, relevance, and identify necessary updates.

## 5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISION

**Figure 2** sets out, by school division, each past recommendation and key actions taken during 2019–20 to implement it.

<sup>2</sup> Single sourcing goods and services is purposely choosing a single supplier even though others are available. [www.cips.org/knowledge/procurement-topics-and-skills/strategy-policy/models-sc-sourcing--procurement-costs/single-sourcing-vs-sole-sourcing/](http://www.cips.org/knowledge/procurement-topics-and-skills/strategy-policy/models-sc-sourcing--procurement-costs/single-sourcing-vs-sole-sourcing/) (26 March 2021).

**Figure 2—Implemented Recommendations by School Division**

Past Recommendation (Initial PAS Report, Date of Agreement of PAC) <sup>A</sup>	Key Actions Taken During 2019–20 to Implement Recommendations
<b>Northern Lights School Division No. 113</b>	
We recommended Northern Lights School Division No. 113 prepare and review monthly bank reconciliations and financial reports for school-generated funds. ( <i>2020 Report – Volume 1</i> , p. 43, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of April 27, 2021)	During 2019–20, Northern Lights prepared and reviewed monthly bank reconciliations and financial reports for school generated funds.
<b>Northwest School Division No. 203</b>	
We recommended Northwest School Division No. 203 independently review and approve monthly bank reconciliations. ( <i>2020 Report – Volume 1</i> , p. 43, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of April 27, 2021)	During 2019–20, Northwest independently reviewed and approved monthly bank reconciliations.
We recommended Northwest School Division No. 203 independently review and approve journal entries. ( <i>2020 Report – Volume 1</i> , p. 43, Recommendation 3; Public Accounts Committee has not yet considered this recommendation as of April 27, 2021)	During 2019–20, Northwest independently reviewed and approved journal entries.

<sup>A</sup> PAS – Provincial Auditor Saskatchewan      PAC – Standing Committee on Public Accounts