

Chapter 12

Education—Capital Asset Planning for Schools

1.0 MAIN POINTS

By April 2021, the Ministry of Education continues to work on implementing a recommendation first made in our 2013 audit of its capital asset planning processes for prekindergarten to grade 12 educational facilities. The Ministry needs to develop and implement measures and targets to monitor the success of its capital asset strategy across the provincial prekindergarten to grade 12 system.

While the Ministry has determined, and is using, two key measures to monitor the success of its capital asset strategies, it has not set any associated targets.

Use of targets (such as desired school utilization rate, or facility condition index) would help the Ministry to evaluate the success of its strategies, including determining whether the strategies reduce risks (e.g., poor maintenance of aging schools, student overcrowding) to the extent intended. Having suitable and properly maintained educational facilities is key to properly supporting the delivery of education in the provincial prekindergarten to grade 12 system.

2.0 INTRODUCTION

2.1 Background

The Ministry of Education is responsible for overseeing capital asset projects for the entire provincial prekindergarten to grade 12 system. *The Education Act, 1995* 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. The Ministry is responsible for aligning available funding for capital projects with the educational needs of communities and the provincial prekindergarten to grade 12 system.

Each school division is responsible for identifying and analyzing its capital asset needs as compared to existing capacity.¹ Each division is also responsible for seeking Ministry approval for projects to meet identified needs.

The Ministry's capital asset strategies form part of the 2021–22 provincial budget and the Saskatchewan Capital Plan.² The Plan includes \$113.2 million for school capital in 2021–22 (2020–21 forecast: \$49.9 million) and \$76.7 million for maintenance capital (2020–21 forecast: \$79.3 million).³ This includes funding for various projects (e.g., construction of new schools, renovation or consolidation of existing schools) and other capital strategies (e.g., preventative maintenance and renewal, relocatable classrooms).

¹ *The Education Act, 1995* gives the boards of education the responsibility for the administration and management of school facilities, with oversight from the Ministry.

² pubsaskdev.blob.core.windows.net/pubsask-prod/126483/2021-22%252BCapital%252BPlan.pdf, p. 3 (12 April 2021).

³ *Saskatchewan Provincial Budget 21–22—Saskatchewan Capital Plan*, pp. 3, 5, and 6 (12 April 2021).



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

2.2 Focus of Follow-Up Audit

This chapter describes the results of our fourth follow-up of the Ministry of Education's actions on the eight recommendations we first made our *2013 Report – Volume 1*, Chapter 8.⁴

Our *2013 Report – Volume 1*, Chapter 8 concluded that, for the 12-month period ended December 31, 2012, the Ministry of Education did not have effective capital asset planning processes for facilities to house and support educational programs and instructional services for students in school divisions. We made eight recommendations. By January 31, 2019, the Ministry implemented seven of the recommendations.⁵

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 management. We reviewed documentation related to capital planning and how the Ministry monitors the success of its capital asset strategy such as statistics on school utilization rates and program evaluations.

3.0 STATUS OF RECOMMENDATION

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 April 9, 2021, and the Ministry's actions up to that date.

3.1 Targets to Monitor Success of its Capital Asset Strategy Not Yet Established

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

Status—Partially Implemented

As of April 2021, while the Ministry of Education had determined measures to monitor the success of its capital asset strategies, it has not set associated targets. Targets set out at what point an agency (or sector) aims to be by a particular point in time.

⁴ *2013 Report – Volume 1*, Chapter 8, pp. 71–89.

⁵ *2019 Report – Volume 1*, Chapter 17, pp. 229–232.

The Ministry established the following two measures in relation to its capital asset strategies:

- **School Utilization Rate**—an indication of how full a school is based on the size of the facility and the enrolment
- **Facility Condition Index (FCI)**—a comparative indicator of the relative condition of facilities expressed as a percentage^{6,7}

The Ministry has yet to establish targets (e.g., expected average school utilization) for these measures. It plans to establish targets by June 2022.

Since our 2019 follow-up audit, we found the Ministry completed the following analysis to monitor the implementation of its capital asset strategies:

- **For School Utilization:** It analyzed the 2017 new school builds in Regina and Saskatoon to help assess whether previous capital asset strategies built new schools in the right place at the right time. The Ministry found the new schools reduced the school utilization rates at pre-existing nearby schools.

In addition, it analyzed its Relocatable Classroom Program. It changed its prioritization method used when considering school divisions' requests for relocatable classrooms. It expects the changes to provide a greater distribution of relocatable classrooms across the province, improve the scrutiny of school enrolment projections, and encourage school divisions to consider alternatives to address capacity issues (e.g., improved use of schools with excess capacity).⁸

- **For FCI:** It annually reports FCI data and utilization rates for schools in its infrastructure funding requests to the Ministry of SaskBuilds and Procurement and Cabinet.^{9,10}

To enable a better comparison of facilities across government sectors, the Ministry is working with the Ministry of SaskBuilds and Procurement (SaskBuilds and Procurement) to refresh the FCI data for schools across the province. SaskBuilds and Procurement has developed a model to assess the conditions of facilities, and calculate FCI consistently using a common methodology. The Ministry of Education is applying this methodology to facilities in the education sector (e.g., schools, head offices, bus garages).

The Ministry began these facility condition assessments in 2020–21 using the new model. As of April 2021, the Ministry had completed assessments at four school divisions, and expects to complete assessments of the remaining 23 school divisions over the next four years.

⁶ *Ministry of Education Plan for 2020–21*, p. 9.

⁷ The facility condition index (FCI) is the amount of deferred maintenance divided by the current replacement value. Deferred maintenance is the amount of maintenance postponed or phased for future action. The Ministry of Education classifies a good FCI as between 0–5 percent, fair between 5–10 percent, poor between 10–30 percent, and critical greater than 30 percent.

⁸ The Relocatable Classroom Program is designed to address immediate needs for additional classroom space to accommodate increases in enrolments. School divisions can move or relocate these classrooms as enrolment fluctuates.

⁹ Ministry of SaskBuilds and Procurement is responsible for providing a central focus within the provincial government to coordinate infrastructure planning and delivery, including the development of an integrated infrastructure plan that includes the Ministry and school divisions (adapted from www.saskbuilds.ca/infrastructure-planning/ and *Government of Saskatchewan Integrated Capital Planning Manual* (9 April 2021)).

¹⁰ The Ministry includes this information in its budget requests for decision makers (Cabinet) to consider.



Without targets to evaluate the success of its capital asset strategies, the Ministry cannot determine whether its capital asset strategies reduce risks (e.g., poor maintenance of aging schools, student overcrowding) associated with school facilities to the extent intended. By establishing targets, the Ministry can set out the expected impact (what and by when) of its capital asset planning processes on school facilities in the provincial prekindergarten to grade 12 system.

