

Chapter 2 Advanced Education

1.0 MAIN POINTS

This chapter reports the results of the 2020–21 annual audits of the Ministry of Advanced Education and 10 of its agencies. Each of these agencies had reliable financial statements and complied with governing authorities. Other than the following area related to the Ministry, the Ministry and those agencies had effective rules and procedures to safeguard public resources.

The Ministry continues to inadequately monitor the subsidiary activities of the province's two universities. This increases the risk of university subsidiaries undermining the powers granted to the parent university (e.g., borrowing without proper authority), which in turn, could potentially harm a university's reputation, or negatively impact its finances.

2.0 INTRODUCTION

The Ministry of Advanced Education is responsible for a post-secondary education sector that supports a growing Saskatchewan and leads to higher-quality of life for its citizens. The post-secondary education system helps develop a skilled and educated workforce for the Saskatchewan labour market. The Ministry provides leadership and resources to foster a high-quality advanced education and training system that responds to the needs of Saskatchewan's people and economy.¹

2.1 Financial Overview

For the year ended March 31, 2021, the Ministry reported expenses of \$749.1 million for its programs (see **Figure 1** for detail by major program), and revenues of \$2.6 million. The Ministry's *Annual Report for 2020–21* provides reasons and further details for differences between planned and actual results.²

Figure 1—Major Programs and Spending

	Estimates 2020–21 ^A	Actual 2020–21
	(in millions)	
Central Management and Services	\$ 14.9	\$ 12.8
Post-Secondary Education	699.2	698.9
Student Supports	36.2	37.3
Total Appropriation	750.3	749.0
Capital Asset Acquisitions	0.0	0.0
Capital Asset Amortization	0.1	0.1
Total Expense	\$ 750.4	\$ 749.1

Source: Ministry of Advanced Education, *Annual Report for 2020–21*, p. 31.

^A The Ministry obtained additional funding through a special warrant of \$1.8 million.

¹ Ministry of Advanced Education, *Annual Report for 2020–21*, p. 5.

² *Ibid.*, pp. 31–33.



This chapter includes the results of our audits of the 10 agencies listed in **Figure 2** in addition to the results of the Ministry.

Figure 2—Ministry Special Purpose Funds and Agencies with Audit Results Reported in this Chapter

Year-End	Agency
March 31	Saskatchewan Student Aid Fund
March 31	Training Completions Fund
June 30	Saskatchewan Polytechnic
June 30	Carlton Trail College
June 30	Cumberland College
June 30	Great Plains College
June 30	Northlands College
June 30	North West College
June 30	Parkland College
June 30	Southeast College

3.0 AUDIT CONCLUSIONS

Our Office worked with appointed auditors (see **Appendix 2**) to carry out the annual integrated audits of the regional colleges. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.³

In our opinion, for the years ended on or before June 30, 2021, we found, in all material respects:

- **The Ministry of Advanced Education and nine of its agencies listed in Figure 2 had effective rules and procedures to safeguard public resources except for the matters described in this chapter⁴**
- **The Ministry of Advanced Education and each agency listed in Figure 2 complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Executive Government Administration Act
The Ministry of Advanced Education Regulations
The Graduate Retention Program Regulations
The Public Service Act, 1998
The Financial Administration Act, 1993
The Saskatchewan Advantage Grant for Education Savings (SAGES) Act

The Education Act, 1995 (subsection 3(1))
The Graduate Retention Program Act
The Non-profit Corporations Act, 1995
The Non-profit Corporations Regulations, 1997
The Student Assistance and Student Aid Fund Act, 1985
The Student Assistance and Student Aid Fund Regulations, 2001

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

⁴ Our Office does not issue a separate opinion for the Training Completions Fund as the Ministry's rules and procedures to safeguard public resources also apply to the Fund.

The Saskatchewan Advantage Grant for Education Savings (SAGES) Regulations
The Degree Authorization Regulations
The Saskatchewan Polytechnic Act
The Saskatchewan Polytechnic Regulations
The Regional Colleges Act
The Regional Colleges Regulations
The Regional Colleges Programs Designation Regulations
The Regional Colleges Programs and Services Regulations
The Income Tax Act, 2000 (Saskatchewan)
The Post-Secondary Education and Skills Training Act

The Lender-financed Saskatchewan Student Loan Regulations
The Saskatchewan Student Direct Loans Regulations
 Saskatchewan Risk Sharing Student Loans Agreement
 Canada-Saskatchewan Integration Agreement
 The Regional Colleges Accounting and Reporting Manual
 The Financial Administration Manual
 Orders in Council issued pursuant to the above legislation

➤ **The financial statements of each agency listed in Figure 2 are reliable**

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

The audit of the Ministry included evaluating and testing its processes for administering grants (e.g., to post-secondary institutions or students), recording revenues, tendering and awarding contracts, processing payroll, and purchasing goods and services.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Better Monitoring of Universities' Subsidiaries Needed

We recommended the Ministry of Advanced Education adequately monitor the activities of subsidiaries incorporated by the University of Saskatchewan and the University of Regina. (2019 Report – Volume 2, p. 20, Recommendation 1; Public Accounts Committee has not considered this recommendation as of October 29, 2021)

Status—Not Implemented

The Ministry continues to inadequately monitor the subsidiary activities of the province's two universities—the University of Saskatchewan and the University of Regina. The Ministry monitors the Universities as part of its responsibility for the post-secondary education sector.⁵

The Ministry currently limits its monitoring to the activities of the Universities themselves, and does not monitor the activities of the Universities' subsidiaries. The Universities, on a combined basis, incorporated six subsidiaries as part of fulfilling their primary roles (e.g., providing post-secondary instruction, conducting research). The subsidiaries are essentially extensions of the Universities.

⁵ To monitor, the Ministry meets regularly with the Universities' senior officials and reviews minutes and meeting packages of each University's Board of Governors.



The Ministry indicated it is working with the University of Saskatchewan to establish a framework for monitoring the University's subsidiaries.

For the year ended April 30, 2021, the Universities' financial results, on a combined basis, included subsidiary revenues of \$50.2 million, expenses of \$50.7 million, and tangible capital assets of \$53.2 million (2019–20: revenues of \$49.5 million, expenses of \$49.3 million and tangible capital assets of \$56 million).⁶

Adequate Ministry oversight for the Universities' subsidiaries' activities would decrease the risk of university subsidiaries undermining the powers granted to the parent university (e.g., under *The University of Saskatchewan Act, 1995*, or *The University of Regina Act*), and potentially harming a university's reputation, or causing a negative financial impact.

4.2 Transfers Properly Recorded

We recommended the Ministry of Advanced Education follow Canadian generally accepted accounting principles for the public sector to record transfers in its financial records. (2017 Report – Volume 2, p. 18, Recommendation 1;

Public Accounts Committee agreement October 3, 2018)

Status—Implemented

During 2020–21, the Ministry followed Canadian generally accepted accounting principles for the public sector to record transfers in its financial records.

Canadian public sector accounting standards require agencies to recognize revenue and expenses related to government transfers only when eligibility criteria are met and the transfer is authorized.

During the year, we found for government transfers expensed by the Ministry that transfer recipients met eligibility criteria, and the Ministry appropriately authorized the transfers. At March 31, 2021, the Ministry expensed approximately \$703.4 million in transfers to post-secondary institutions and scholarship recipients.

Consistent application of Canadian public sector accounting standards enhances the relevance and reliability of financial reports and can increase the public's confidence in the accuracy of government financial reports.

⁶ The Universities consolidate the financial results of subsidiaries into their financial statements.