

## Chapter 2 School Divisions

### 1.0 MAIN POINTS

This chapter summarizes the results of the 2021–22 annual audits of Saskatchewan’s 27 school divisions. The 2021–22 financial statements of each school division are reliable, and each complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

School divisions had effective rules and procedures to safeguard public resources other than we found 13 school divisions across the province did not establish a process by August 2022 to monitor a key financial IT system and the related IT service provider. School divisions remain responsible for managing risks associated with their IT systems and data even when using a service provider. The Ministry of Education needs to work with the impacted school divisions to improve the school divisions’ monitoring of the IT system to reduce the risk of unauthorized access or changes to the system.

Further, Sun West School Division No. 207 finalized and approved a revised IT disaster recovery plan, but the Division had not yet tested it.

Northern Lights School Division No. 113 and Prairie South School Division No. 210 improved their financial-related controls in 2021–22 by restricting access to appropriate users in their financial systems. In addition, Prairie South sufficiently documented approval for new users added to its financial system.

### 2.0 INTRODUCTION

Over 186,000 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 2020–21 and 2021–22.

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

	2021–22	2020–21
	(in billions)	
Grants from the Ministry of Education	\$ 1.9	\$ 1.9
Other Revenue (e.g., property taxes, school generated funds)	0.4	0.5
<b>Total Revenue</b>	<b>2.3</b>	<b>2.4</b>
<b>Total Expense</b>	<b>2.4</b>	<b>2.3</b>
<b>Annual (Deficit) Surplus</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>

<sup>1</sup> [publications.saskatchewan.ca/#/products/103519](https://publications.saskatchewan.ca/#/products/103519) (8 February 2023); provincially funded schools do not include schools under the responsibility of First Nations or private schools.



	2021–22	2020–21
	(in billions)	
Net Financial Assets <sup>A</sup>	\$ 0.2	\$ 0.3
Non-financial Assets <sup>B</sup>	\$ 2.3	\$ 2.3

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

<sup>A</sup> Net financial assets are financial assets (e.g., cash, receivables) less liabilities (e.g., accounts payable, debt).

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

## 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** in this Report for the name of each school division and its appointed auditor.

**In our opinion, for the year ended August 31, 2022, we found, in all material respects:**

- **Each school division had effective rules and procedures to safeguard public resources except for the matters reported in Section 4.0**
- **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 Government Service Organizations*

*(Provincial Sales Tax) Remission 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 audits. 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

### 4.1 Improved Monitoring of IT Service Provider Needed

***We recommended the Ministry of Education work with impacted school divisions to establish a process to monitor the key financial IT system and the IT service provider.*** (2022 Report – Volume 1, p. 17, Recommendation 1; Public Accounts

Committee has not yet considered this recommendation as of May 5, 2023)

**Status**—Partially Implemented

During 2021–22, school divisions did not adequately monitor a key financial IT system and the related service provider. Thirteen school divisions across the province use this key financial IT system.

The third party service provider, who manages the IT system, did not update the financial system’s software for identified system vulnerabilities until 2022. Keeping software updated can decrease the ability of hackers to exploit known data bugs or weaknesses to adversely affect programs, data, computers or a network. It also reduces the risk of unauthorized access or changes to the IT system.

The Ministry of Education and impacted school divisions did not establish a process to monitor the key financial IT system and the IT service provider in 2021–22. School divisions remain responsible for managing risks associated with their IT systems and data even when using a service provider. Improved monitoring of the IT system and the service provider would help school divisions identify risks (e.g., security vulnerabilities, cybersecurity risks) and make decisions about mitigating identified risks.<sup>2</sup>

### 4.2 Sun West School Division No. 207—Disaster Recovery Plan Requires Testing

***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

During 2021, Sun West School Division No. 207 contracted with a third party to provide Sun West with various IT infrastructure and services (e.g., servers, data back-up). In September 2022, Sun West finalized and approved a revised disaster recovery plan. The Division had yet to test its revised disaster recovery plan.

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

<sup>2</sup> Cybersecurity risks include risk of loss or theft of confidential information or damage/failure of an IT system. Common threats include ransomware, viruses, worms, spyware, and phishing attacks.



## 5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISION

**Figure 2** sets out, by school division, each past recommendation and key actions taken during 2021–22 to implement it.

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

Past Recommendations (Initial PAS Report, Date of PAC Agreement) <sup>A</sup>	Key Actions Taken During 2021–22 to Implement Recommendations
<b>Northern Lights School Division No. 113</b>	
We recommended Northern Lights School Division No. 113 appropriately restrict user access to its financial system. ( <i>2022 Report – Volume 1</i> , p. 17, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of May 5, 2023)	During 2021–22, Northern Lights appropriately restricted user access to its financial system to users independent of financial processes.
<b>Prairie South School Division No. 210</b>	
We recommended Prairie South School Division No. 210 appropriately restrict user access to its financial system. ( <i>2022 Report – Volume 1</i> , p. 18, Recommendation 3; Public Accounts Committee has not yet considered this recommendation as of May 5, 2023)	During 2021–22, Prairie South reviewed and approved appropriate changes to user access to its financial system.
We recommended Prairie South School Division No. 210 document approval for granting new user access to its financial system. ( <i>2022 Report – Volume 1</i> , p. 18, Recommendation 4; Public Accounts Committee has not yet considered this recommendation as of May 5, 2023)	During 2021–22, Prairie South sufficiently documented approval for granting new user access to its financial system.

<sup>A</sup> PAS: Provincial Auditor Saskatchewan

PAC: Standing Committee on Public Accounts