

Chapter 6 Northlands College

1.0 MAIN POINTS

In 2022–23, Northlands College had effective rules and procedures to safeguard public resources other than it did not always review and approve credit card reconciliations, and it did not adequately segregate access to its electronic cheque-signing system. This increases the risk of staff making inappropriate credit card purchases or the College not detecting fraudulent payments.

The 2022–23 financial statements of Northlands College are reliable. Northlands College complied with the authorities governing its activities related to financial reporting and safeguarding public resources in 2022–23.

2.0 INTRODUCTION

Northlands College, one of Saskatchewan's six regional colleges, offers classes in communities across northern Saskatchewan with campuses in Buffalo Narrows, Creighton, and La Ronge. The College offers Adult Basic Education, skills training, and university courses to around 840 students each year.¹

As shown in **Figure 1**, in 2022–23, the College had revenues of \$18.6 million and expenses of \$17.5 million. Approximately 60% of the College's expenses relate to salaries and benefits.

Figure 1—Financial Overview

	Budget 2022–23	Actuals 2022–23
	(in millions)	
Provincial grants	\$ 15.6	\$ 15.6
Other revenue	3.2	3.0
Total Revenues	\$ 18.8	\$ 18.6
General	7.3	6.7
Skills training	5.5	4.2
Basic education	2.8	2.1
University	4.1	3.0
Services	0.5	0.7
Scholarships	0.1	0.1
Student housing	0.8	0.7
Total Expenses	\$ 21.1	\$ 17.5
Annual Surplus (Deficit)	\$ (2.3)	\$ 1.1

Source: Northlands College audited financial statements for the year ended June 30, 2023.

¹ Northlands College, *Annual Report, 2021–22*, p. 33.



3.0 AUDIT CONCLUSIONS

Our Office worked with the appointed auditor, MNP LLP, to carry out the audit of Northlands College. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.²

In our opinion, for the year ended June 30, 2023:

- **Northlands College had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- **Northlands College complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

The Regional Colleges Act
The Regional Colleges Regulations
The Regional Colleges Program Designation Regulations
The Regional Colleges Programs and Services Regulations

The Financial Administration Act, 1993
The Executive Government Administration Act
The Income Tax Act, 2000 (Saskatchewan)
The Financial Administration Manual
The Regional Colleges Accounting and Reporting Manual

- **Northlands College 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 Northlands College'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.

Through our review of work carried out by the appointed auditor, we examined the effectiveness of the College's processes for preparing and processing payroll, and paying for and receiving goods and services. We also examined the effectiveness of the controls used to safeguard financial-related IT systems and data.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Review and Approval of Credit Card Reconciliations Needed

Northlands College did not follow its policy regarding review and approval of credit card reconciliations.

The College's credit card policy requires each credit cardholder to submit a monthly transaction log reconciled to supporting receipts for approval by the Vice President of Finance or a designate. The College did not approve 11 out of 25 monthly transaction logs tested.

² *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* available on our website.

Not approving credit card transactions increases the risk of inappropriate credit card purchases.

1. **We recommend Northlands College review and approve credit card reconciliations as required by its policy.**

4.2 Restricted Access to Cheque-Signing System Needed

Northlands College has not restricted access to its cheque-signing system to adequately separate duties related to making payments.

The College uses software to electronically sign cheques for payment, and restricts access to this software to certain accounting and payroll staff. However, some College staff who can approve payments also have access to the cheque-signing system.

The College's procurement policy requires adequate segregation of duties between purchasing, receiving and payment approval. These certain College staff could not only create and approve a payment, but also process a cheque for payment. Testing did not find any instances in which the same person approved a payment and then used the system to electronically sign a cheque.

Allowing the same individual to approve payments and electronically sign cheques increases the risk of fraudulent payments going undetected.

2. **We recommend Northlands College restrict access to its cheque-signing system to appropriately segregate duties.**

