

Chapter 6 Northlands College

1.0 MAIN POINTS

In 2023–24, Northlands College needed to improve its rules and procedures to safeguard public resources. The College did not:

- Always complete monthly credit card or bank reconciliations
- Adequately segregate access to its electronic cheque-signing system
- Have all its journal entries properly supported, and independently reviewed and approved

Regular reconciliations check the accuracy and reliability of accounting records. Not segregating incompatible duties between individuals or completing independent review and approval increases the risk of fraud and not detecting errors.

For the year ended June 30, 2024, Northlands College complied with authorities governing its activities and its 2023–24 financial statements are reliable.

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, La Ronge and Air Ronge. The College offers Adult Basic Education, skills training, and university courses to around 950 students.¹

As shown in **Figure 1**, in 2023–24, the College had revenues of \$20.3 million and expenses of \$19.2 million. Approximately 58% of the College's expenses relate to salaries and benefits.

Figure 1—Financial Overview

	Budget 2023–24	Actual 2023–24
	(in millions)	
Provincial grants	\$ 15.6	\$ 16.1
Other revenue	5.1	4.2
Total Revenue	20.7	20.3
General	7.5	8.0
Skills Training	7.5	4.3
Basic Education	2.5	2.1
University	3.8	3.6

¹ Northlands College, *Annual Report, 2022–23*, p. 31.



	Budget 2023–24	Actual 2023–24
	(in millions)	
Services	0.9	0.3
Scholarships	0.1	0.1
Student Housing	0.8	0.8
Total Expenses	23.1	19.2
Annual (Deficit) Surplus	\$ (2.4)	\$ 1.1

Source: Northlands College audited financial statements for the year ended June 30, 2024.

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, 2024:

- **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 Program 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 the Northland 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.

The audit focused on examining the effectiveness of the College's processes for preparing and processing payroll, and paying for and receiving goods and services. It also examined the effectiveness of the controls used to safeguard financial-related IT systems and data.

² *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* available at auditor.sk.ca.

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Review and Approval of Credit Card Reconciliations Needed

We recommended Northlands College review and approve credit card reconciliations as required by its policy. (2023 Report – Volume 2, p. 41, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Not Implemented

Northlands College did not follow its policy regarding review and approval of credit card reconciliations in 2023–24.

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 spent \$590,000 on credit card purchases in 2023–24.

The College could not provide evidence the reconciliations were reviewed and approved for five months of the year. Out of those five, no evidence could be provided that two reconciliations were ever completed. These two reconciliations were missing for all seven credit cardholders.

Not appropriately reconciling, reviewing, and approving reconciliations increases the risk of inappropriate credit card purchases occurring.

4.2 Restricted Access to Cheque-Signing System Required

We recommended Northlands College restrict access to its cheque-signing system to appropriately segregate duties. (2023 Report – Volume 2, p. 41, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of November 4, 2024)

Status—Not Implemented

Northlands College has not yet 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 staff. However, some staff who can approve payments also have access to the cheque-signing system. These staff could not only create and approve a payment, but also process a cheque for payment

The College's procurement policy requires adequate segregation of duties between purchasing, receiving, and payment approval.

Not adequately segregating duties increase the risk of inappropriate or fraudulent payments going undetected and is compounded by incomplete bank reconciliations (see **Section 4.3**).



4.3 Timely Independent Review and Approval of Bank Reconciliations Needed

Northlands College did not complete its monthly bank reconciliations in a timely manner.

During 2023–24, the College did not complete any bank reconciliations until May 2024. Further, once completed, they were not reviewed and approved by a second person.

Regular bank reconciliations, and the review and approval of such reconciliations, checks that all charges to bank accounts are proper and all money has been received and deposited into the right accounts. It also checks the accuracy and reliability of the accounting records.

1. **We recommend Northlands College independently review and approve monthly bank reconciliations timely.**

4.4 Independent Review and Approval of Journal Entries Necessary

Northlands College had journal entries not always supported or independently reviewed and approved in 2023–24.

Testing found three journal entries made in error totalling about \$11 million, with one relating to a \$10 million cash entry recorded twice. Additionally, there was no review and approval for these journal entries, and two entries did not have support or rationale for why staff made the journal entry.

Lack of independent review and approval increases the risk of unauthorized entries made in the accounting records, which could result in decision-makers using inaccurate financial information and fraud going undetected.

2. **We recommend Northlands College independently review and approve supported journal entries.**