

Chapter 2

School Divisions

1.0 MAIN POINTS

This chapter summarizes the results of the 2023–24 annual audits of Saskatchewan’s 27 school divisions. The 2023–24 financial statements of each school division are reliable.

In 2023–24, six school divisions improved their financial-related controls by implementing previous audit recommendations made (see **Figure 2**).

For the year ended August 31, 2024, certain school divisions need to improve their rules and procedures to safeguard public resources as follows:

- Île-à-la Crosse School Division No. 112, Northern Lights School Division No. 113, and Holy Trinity Roman Catholic Separate School Division No. 22 did not complete and review bank reconciliations in a timely manner. Northwest School Division No. 203 did not complete key financial reconciliations in a timely manner. Regular reconciliations check the accuracy and reliability of accounting records.
- Conseil des Écoles Fransaskoises No. 310 did not appropriately approve electronic fund transfers.
- Conseil des Écoles Fransaskoises No. 310, Île-à-la Crosse School Division No. 112 and Northern Lights School Division No. 113 did not independently review and approve journal entries. Not independently preparing and approving journal entries increase the risk of unauthorized entries made to accounting records.
- Holy Family Roman Catholic Separate School Division No. 140 and Northern Lights School Division No. 113 did not segregate incompatible duties in their IT systems for several key functions such as approving payments and journal entries.
- 17 school divisions across the province did not establish a process to sufficiently monitor their key financial IT system and its related IT service provider. The Ministry of Education needs to work with the impacted school divisions to reduce the risk of unauthorized access or inaccessibility to this system.

Overall, we found strengthened financial related controls are needed at 19 out of 27 school divisions.

For the year ended August 31, 2024, school divisions complied with authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing, except for one school division. Northern Lights School Division No. 113’s 2022–23 and 2023–24 annual reports were not tabled timely with the Legislative Assembly and it did not obtain prior approval from the Minister of Education for a real property purchase as required by legislation.



2.0 INTRODUCTION

Over 195,000 students attend more than 750 provincially funded schools each day.¹ *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 2022–23 and 2023–24.

Figure 1—School Divisions' Combined Financial Results

	2023–24	2022–23
	(in billions)	
Grants from the Ministry of Education	\$ 2.2	\$ 2.1
Other Revenue (e.g., property taxes, school generated funds)	0.5	0.4
Total Revenue	2.7	2.5
Total Expenses	2.5	2.5
Annual Surplus	\$ 0.2	\$ --
Net Financial Assets^A	\$ 0.2	\$ 0.2
Non-financial Assets^B	\$ 2.5	\$ 2.4

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

^A Net financial assets are financial assets (e.g., cash, receivables) less liabilities (e.g., accounts payable, debt).

^B Non-financial assets include capital assets such as schools.

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, 2024, we found, in all material respects:

- **One school division did not have effective rules and procedures to safeguard public resources—see Section 4.1. The remaining 26 school divisions had effective rules and procedures to safeguard public resources except for the matters reported in Sections 4.2 to 4.7.**

¹ publications.saskatchewan.ca/#/products/103519 (11 March 2025); provincially funded schools do not include schools under the responsibility of First Nations or private schools.

- **One school division did not comply with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing—see Section 4.5. The remaining school divisions complied with the following authorities governing their 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 Education Funding 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 Benefits 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 Segregation of Incompatible Duties Needed at Holy Family Roman Catholic Separate School Division No. 140

We recommended Holy Family Roman Catholic Separate School Division No. 140 segregate duties of employees responsible for key financial functions. (2024 Report – Volume 1, p. 18, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of April 30, 2025)

Status—Not Implemented

During 2023–24, Holy Family Roman Catholic Separate School Division No. 140 did not adequately segregate incompatible duties related to setting up and updating employee payroll information; setting up and updating vendor information; creating and approving purchase orders; making and approving payments; and recording journal entries.

Holy Family did not appropriately segregate staff duties in its financial IT system. This means it is possible for one individual to perform a key financial process from start to finish, without the involvement of another employee. Holy Family improved its processes by



involving more staff; however, the Chief Financial Officer is still able to perform key financial processes due to unrestricted or unsegregated system access.

Key financial functions at Holy Family were not segregated as follows:

- Setting up new employee payroll information and updating key payroll data (e.g., pay rates, banking information), as well as approving payroll.

Not segregating incompatible duties in the financial IT system increases the risk of entering a fictitious employee and processing fictitious payroll amounts, as well as paying inappropriate payroll amounts. Audit work found Holy Family appropriately paid employees tested using authorized salary rates.

- Setting up new vendors in its financial IT system and updating vendor data (e.g., banking information), creating and approving purchase orders and making vendor payments, as well as approving and signing cheques.

Not segregating the ability to make changes to vendor information from approving vendor payments increases the risk of making payments to fictitious suppliers (e.g., through phishing scams) and not detecting errors.

- Preparing and posting journal entries.

Lack of independent electronic approval increases the risk of unauthorized or inaccurate entries to accounting records resulting in errors to financial information. Audit work found Holy Family posting some journal entries without approval.

Not segregating incompatible duties between different individuals in the financial IT system increases the risk of fraud and not detecting errors.

4.2 Conseil des Écoles Fransaskoises No. 310

Independent Review and Approval of Journal Entries Needed

Conseil des Écoles Fransaskoises No. 310 (Conseil) did not independently review and approve journal entries.

Management indicated it reviews journal entries and provides verbal approval but does not leave evidence of this review. Good practice requires evidence of review and approval be maintained. Without this, there is a risk that some journal entries may not be reviewed and approved.

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

1. **We recommend Conseil des Écoles Fransaskoises No. 310 independently review and approve journal entries.**

Appropriate Approvals for Electronic Fund Transfers Needed

Conseil des Écoles Fransaskoises did not have two independent signers approve electronic fund transfers (EFT) in the banking system.²

Appropriate segregation restricts an individual from performing a key financial process from start to finish, without the involvement of another employee. Without two independent signers in the system, an individual could make unauthorized or incorrect payments that could result in a loss to the Conseil.

2. We recommend Conseil des Écoles Fransaskoises No. 310 require two independent signers in the banking system to review and approve electronic fund transfers.

4.3 Timely Review of Bank Reconciliations Needed at Holy Trinity Roman Catholic Separate School Division No. 22

Holy Trinity Roman Catholic Separate School Division No. 22 did not prepare or review bank reconciliations timely (i.e., within one month of month-end). Audit work found that staff reviewed bank reconciliations two to eight months after month-end.

Regular reconciliations check the accuracy and reliability of accounting records. For example, bank reconciliations confirm accuracy of charges to bank accounts, and confirms all money has been received and deposited into the correct accounts.

3. We recommend Holy Trinity Roman Catholic Separate School Division No. 22 prepare and review monthly bank reconciliations in a timely manner.

4.4 Île-à-la Crosse School Division No. 112

Independent and Timely Review and Approval of Bank Reconciliations Needed

Île-à-la Crosse School Division No. 112 did not prepare or review bank reconciliations independently or timely (i.e., within one month of month-end). For example, audit work found that for the year-ended August 31, 2024, staff completed bank reconciliations approximately 90 days after year-end and did not have independent approval.

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

4. We recommend Île-à-la Crosse School Division No. 112 prepare and review monthly bank reconciliations in a timely manner.

² In addition to having one signer electronically approve EFTs, the Conseil also has one signer manually approve the EFT. However, this could still result in unauthorized or incorrect payments being made without timely detection.



Independent Review and Approval of Journal Entries with Support Needed

Île-à-la Crosse School Division No. 112 did not independently review and approve journal entries or retain supporting documentation for verification of journal entries.

Its policy requires approval of journal entries independent of preparation. Audit work found entries not independently approved and no supporting documentation maintained for the entries, which is good practice. Without independent review and approval, there is a risk of unauthorized entries made to accounting records.

5. We recommend Île-à-la Crosse School Division No. 112 independently review and approve journal entries and maintain support.

4.5 Northern Lights School Division No. 113

Timely Tabling of Annual Report Needed

The Ministry of Education did not provide Northern Lights School Division No. 113's 2022–23 or 2023–24 annual reports to the Legislative Assembly within the timeframe required by *The Executive Government Administration Act*.³ Section 13 of the Act requires the Ministry to provide school divisions' annual reports within 120 days after year-end (i.e., August 31).

The Ministry provided Northern Lights' 2022–23 *Annual Report* to the Assembly on May 31, 2024, and Northern Lights' 2023–24 *Annual Report* to the Assembly on March 7, 2025. The Act required the Ministry to deliver these annual reports by December 29, 2023, and December 30, 2024, respectively.

Not tabling Northern Lights' annual reports within the timeframes set in legislation increases the risk that legislators do not have sufficient information to monitor Northern Lights' operations.

6. We recommend the Ministry of Education provide Northern Lights School Division No. 113's annual report to the Legislative Assembly in accordance with timeframes set in *The Executive Government Administration Act*.

Minister Approval of Certain Purchases Needed

Northern Lights School Division No. 113 did not obtain prior approval from the Minister of Education for a purchase of real property as required by *The Education Act, 1995*.⁴ The purchase exceeded the prescribed amount as noted in *The Education Regulations, 2019*.⁵

³ Section 283 of *The Education Act, 1995*, requires school divisions to submit an annual report to the Minister of Education who is required to provide the annual report to the Legislative Assembly in accordance with section 13 of *The Executive Government Administration Act*.

⁴ Section 344(4)(a) of *The Education Act, 1995*, requires school divisions to obtain approval from the Minister of Education before making a capital expenditure exceeding the amount prescribed in the regulations to purchase, lease, or otherwise acquire an interest in real property.

⁵ Section 70(1) of *The Education Regulations, 2019*, notes the prescribed amount for the purpose of Section 344(4)(a) of the Act to be \$75,000.

In July 2024, Northern Lights purchased a building for staff housing for \$270,000 without obtaining prior approval from the Minister.

Not obtaining prior approval of purchases from the Minister for certain purchases increases the risk of money spent on items not considered a priority to the education system.

- 7. We recommend Northern Lights School Division No. 113 obtain prior approval from the Minister of Education for certain purchases in accordance with *The Education Act*, 1995.**

Timely Review and Approval of Bank Reconciliations Needed

Northern Lights School Division No. 113 did not prepare or review bank reconciliations timely (i.e., within one month of month-end). Audit work found certain bank reconciliations from August 2023 to December 2023 prepared and approved in early 2024.

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

- 8. We recommend Northern Lights School Division No. 113 prepare and review monthly bank reconciliations in a timely manner.**

Independent Review and Approval of Journal Entries Needed

Northern Lights School Division No. 113 did not independently review and approve journal entries. Audit work found no formal evidence of independent review of journal entries.

Good practice requires evidence of review and approval be maintained. Without this, there is a risk of unauthorized entries made to accounting records.

- 9. We recommend Northern Lights School Division No. 113 independently review and approve journal entries.**

Segregation of Incompatible Duties Related to Payments Needed

We recommended Northern Lights School Division No. 113 segregate incompatible duties for payment approvals and cheque signing. (2024 Report

– Volume 1, p. 20, Recommendation 5; Public Accounts Committee has not yet considered this recommendation as of April 30, 2025)

Status—Not Implemented

During 2023–24, Northern Lights School Division No. 113 did not segregate incompatible duties related to payment approval and cheque signing.

Northern Lights uses electronic signatures on cheques; however, it does not have controls in place to restrict the same individual from approving invoices and authorizing release of payment (either through a cheque or electronic fund transfer). An authorized individual is to independently review and approve electronic fund transfers, but Northern Lights did not consistently do so during 2023–24.



Not segregating incompatible duties between different individuals for electronic fund transfers increases the risk of fraud (including making inappropriate electronic fund transfers through phishing scams), and not detecting errors.

4.6 Timely Financial Reconciliations Needed at Northwest School Division No. 203

We recommended Northwest School Division No. 203 complete key financial reconciliations monthly and independently review and approve them in a timely manner. (2024 Report – Volume 1, p. 19, Recommendation 3; Public

Accounts Committee has not yet considered this recommendation as of April 30, 2025)

Status—Partially Implemented

During 2023–24, Northwest School Division No. 203 did not complete or review key reconciliations timely (i.e., within one month of month-end). Audit work tested five bank reconciliations and found they were not signed and dated by the preparer, and two reconciliations were not reviewed and approved in a timely manner (approvals occurred more than one month after month-end but within two months after month-end).

Additionally, reconciliations of subledgers (e.g., accounts receivable) to the general ledger were only reconciled at year-end.

Regular reconciliations verify financial information is reliable and reduce the risk of fraud and errors in the financial statements.

4.7 Sufficient Monitoring of IT Service Provider for Certain School Divisions' Key Financial System 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 agreement February 7, 2024)

Status—Partially Implemented

During 2023–24, school divisions did not adequately monitor a key financial IT system and the related service provider—17 school divisions across Saskatchewan use this key financial IT system.

The Ministry of Education and impacted school divisions indicated they are working to establish a process to monitor the key financial IT system and the IT service provider. For example, school divisions could obtain relevant information from the IT service provider on security measures in place (e.g., privileged user access, intrusion detection controls) and on system end-of-support dates.⁶ School divisions remain responsible for managing risks associated with their IT systems and data even when using a service provider.

⁶ End-of-support is when a technology company stops actively developing or providing technical support for software products.

Improved monitoring of this key financial IT system and the service provider would help school divisions identify risks (e.g., security vulnerabilities) and make decisions about mitigating identified risks that could adversely affect programs, data, or system access.

5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISIONS

Figure 2 sets out, by school divisions, each past recommendation and key actions taken during 2023–24 to implement it.

Figure 2—Implemented Recommendations by School Division

Past Recommendations (Initial PAS Report, Date of PAC Agreement) ^A	Key Actions Taken During 2023–24 to Implement Recommendations
Northwest School Division No. 203	
We recommended Northwest School Division No. 203 segregate duties of employees responsible for key financial functions (2024 Report – Volume 1, p. 20, Recommendation 4; Public Accounts Committee has not yet considered this recommendation as of April 30, 2025)	During 2023–24, Northwest used manual controls to mitigate limitations surrounding segregating key financial functions in its IT system. For example, staff manually prepare, review, and approve journal entries, and then post them in the financial system.
Saskatchewan Rivers School Division No. 119	
We recommended Saskatchewan Rivers School Division No. 119 follows its purchasing policy and obtain the required quotes for its purchases. (2024 Report – Volume 1, p. 20, Recommendation 6; Public Accounts Committee has not yet considered this recommendation as of April 30, 2025)	During 2023–24, Saskatchewan Rivers properly obtained the required quotes for tested purchases in accordance with its purchasing policy.
Sun West School Division No. 207	
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)	During 2023–24, Sun West formally tested its documented disaster recovery plan.
School Divisions – Capital Transfers	
We recommended the impacted school divisions follow Canadian generally accepted accounting principles for the public sector when recording capital transfers in their financial records. (2024 Report – Volume 1, p. 17, Recommendation 1, Public Accounts Committee has not yet considered this recommendation as of April 30, 2025)	During 2023–24, the three impacted school divisions properly recorded capital transfers in their financial records and financial statements.

^A PAS: Provincial Auditor Saskatchewan
PAC: Standing Committee on Public Accounts

