

Chapter 5 Northlands College

1.0 MAIN POINTS

In 2024–25, Northlands College sufficiently followed some of its procedures to safeguard public resources, but also has more work to do. The College:

- Reviewed credit card and bank reconciliations timely; and
- Reviewed and approved journal entries

The College did not make progress on segregating access to its cheque-signing system. This increases the risk of inappropriate or fraudulent payments going undetected.

Northlands College complied with the authorities governing its activities related to financial reporting and safeguarding public resources in 2024–25.

The 2024–25 financial statements of Northlands College are not reliable as the College did not properly record \$1.8 million in grants it received for child care spaces.

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 650 students.¹

As shown in **Figure 1**, in 2024–25, the College had revenue of \$21.4 million and expenses of \$18.8 million. Approximately 55% of the College's expenses relate to salaries and benefits.

Figure 1—2024–25 Financial Overview

	Budget 2024–25	Actual 2024–25
	(in millions)	
Provincial Grants ^A	\$ 15.6	\$ 18.5
Other Revenue	3.6	2.9
Total Revenue	19.2	21.4
General	8.5	7.5
Skills Training	5.0	4.6
Basic Education	2.5	2.0
University	4.3	3.4
Services	0.6	0.4

¹ Northlands College, *Annual Report 2023–24*, p. 30.



	Budget 2024–25	Actual 2024–25
	(in millions)	
Scholarships	-	0.1
Student Housing	0.8	0.8
Total Expenses	21.7	18.8
Annual (Deficit) Surplus^A	\$ (2.5)	\$ 2.6

Source: Northlands College audited financial statements for the year ended June 30, 2025.

^A Northlands College inappropriately recorded \$1.8 million in grant revenue in its 2024–25 financial statements. This also overstated the annual surplus by \$1.8 million (See **Section 4.1**).

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, 2025:

- **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, 1997

The Financial Administration Act, 1993
The Executive Government Administration Act
The Income Tax Act, 2000 (Saskatchewan)

- **Northlands College did not have reliable financial statements due to incorrect recording of grant revenue as reported in Section 4.1**

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 judgements 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.

The audit focused on examining the effectiveness of the College's processes for: collecting and recording revenue, preparing and processing payroll, and receiving and paying for 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 Proper Recording of Grant Revenue Needed

Northlands College inappropriately recorded \$1.8 million in government grant revenue in its 2024–25 financial statements.

During 2024–25, Northlands College entered into two agreements, with the Ministry of Education, to create 90 child care spaces in La Ronge by March 2028. Northlands College received approximately \$1.8 million in grants under these agreements and recorded the funding as revenue. However, as at June 30, 2025, Northlands College had not met the specific stipulations in the agreements (e.g., had not begun development of the 90 child care spaces).³ Therefore, Northlands College had not yet earned the \$1.8 million funding it received and should have recorded the amounts received as deferred revenue (liability) until it meets the specific stipulations in the agreements. In the event the spaces are not developed, Northlands College is required to return the funding to the Ministry of Education.

Canadian public sector accounting standards require Northlands College to recognize revenue related to government grants when the grant is authorized, eligibility criteria (if any) have been met, and specific stipulations have been met.

Northlands College's auditor issued an unmodified (i.e., clean) opinion on the College's financial statements for 2024–25. We disagree with the unmodified auditor's report because, in our view, the financial statements contain a significant \$1.8 million error in grant revenue. This resulted in Northlands College overstating its annual surplus in 2024–25 by \$1.8 million (see **Figure 1**).

Incorrect application of Canadian public sector accounting standards can impact the relevance and reliability of Northlands College's financial reports and its Board's ability to make informed decisions. This may also decrease the public's confidence in the accuracy of those financial reports.

1. **We recommend Northlands College follow Canadian public sector accounting standards when recording government grant revenue in its financial records.**

4.2 Credit Card Reconciliations Properly Reviewed and Approved

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 agreement October 17, 2025)

Status—Implemented

Northlands College followed its policy and properly reviewed and approved credit card reconciliations in 2024–25.

³ Stipulations are actions the recipient must perform or terms they must comply with to keep the grant funding.



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 audit found the College appropriately reviewed and approved all 25 credit card reconciliations tested.

Appropriately reviewing and approving credit card reconciliations decrease the risk of inappropriate credit card purchases occurring.

4.3 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 agreement October 17, 2025)

Status—Not Implemented

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

The College's procurement policy requires adequate segregation of duties between purchasing, receiving, and approving payments for goods and services. The College uses software to electronically sign cheques for payments, but staff who can approve payments also have access to the cheque-signing system. This could result in staff not only creating and approving a payment, but also processing a cheque for the payment.

Not adequately segregating duties increase the risk of inappropriate or fraudulent payments going undetected.

4.4 Bank Reconciliations Independently Reviewed and Approved

We recommended Northlands College independently review and approve monthly bank reconciliations timely. (2024 Report – Volume 2, p. 40, Recommendation 1; Public Accounts Committee agreement October 17, 2025)

Status—Implemented

Northlands College independently reviewed and approved monthly bank reconciliations in a timely manner for the second half of the year.

For the second part of the 2024–25 fiscal year, bank reconciliations were prepared and approved on a timely basis. The audit tested seven bank reconciliations and found two not prepared and approved timely. The College took prompt action to address the non-compliance issue once identified. Further audit testing found bank reconciliations were properly prepared and approved in a timely manner for the last six months of the College's fiscal year.

Timely preparation and review of bank reconciliations help ensure that discrepancies between the bank's records and the College's accounting records are identified and corrected quickly, thereby safeguarding assets and enhancing the reliability of financial reporting.

4.5 Journal Entries Adequately Supported and Approved

We recommended Northlands College independently review and approve supported journal entries. (2024 Report – Volume 2, p. 40, Recommendation 2; Public Accounts Committee agreement October 17, 2025)

Status—Implemented

In 2024–25, Northlands College independently reviewed and approved journal entries and it had sufficient support for all journal entries tested.

Additionally, all entries were prepared, reviewed, and approved prior to posting.

Independent review and approval of journal entries decrease the risk of unauthorized entries made in the accounting records, which also help ensure decision makers are provided accurate financial information.

