

Ministry of Advanced Education Training Completions Fund



Financial Statements for 2018-19

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Letter of Transmittal



*The Honourable Tina
Beaudry-Mellor,
Minister of Advanced
Education*

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Financial Statements of the Training Completions Fund for the Ministry of Advanced Education for the fiscal year ending March 31, 2019.

A handwritten signature in black ink, appearing to be 'TBM', written over a light blue horizontal line.

Tina Beaudry-Mellor

Minister of Advanced Education



*Mark McLoughlin
Deputy Minister of Advanced
Education*

The Honourable Tina Beaudry-Mellor,
Minister of Advanced Education

Dear Minister Beaudry-Mellor:

I have the honour of submitting the Financial Statements of the Training Completions Fund for the Ministry of Advanced Education for the fiscal year ending March 31, 2019.

A handwritten signature in black ink, appearing to be 'Mark McLoughlin', written over a light blue horizontal line.

Mark McLoughlin

Deputy Minister of Advanced Education

2018-19 Financial Overview

Management's Responsibility for Financial Statements

Management of the Ministry of Advanced Education is responsible for the accompanying financial statements. The Ministry maintains a system of accounting administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

Management prepares these statements in accordance with Canadian public sector accounting standards, using management's best estimates and judgement when appropriate.

The Provincial Auditor expresses an independent opinion on these statements. Her report provides the scope of the audit and states her opinion.

The Deputy Minister of Advanced Education approves the financial statements. The financial statements are tabled on the Legislative Assembly.

On behalf of the Ministry of Advanced Education,



Scott Giroux

Executive Director of Corporate Finance

Ministry of Advanced Education

June 24, 2019

Provincial Auditor's Report



PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of Training Completions Fund, which comprise the statement of financial position as at March 31, 2019, and the statement of operations and changes in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Training Completions Fund as at March 31, 2019, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Training Completions Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Training Completions Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Training Completions Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Training Completions Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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PROVINCIAL AUDITOR
of Saskatchewan

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Training Completions Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Training Completions Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Training Completions Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan
June 20, 2019

Judy Ferguson, FCPA, FCA
Provincial Auditor
Office of the Provincial Auditor

Financial Statements

Training Completions Fund Statement of Financial Position

As at March 31		
	2019	2018
Financial Assets		
Due from General Revenue Fund (Note 5)	\$767,215	\$669,959
Interest Receivable from General Revenue Fund	3,745	1,915
Total Financial Assets	\$770,960	\$671,874
Liabilities and Net Financial Assets		
Liabilities		
Unearned Revenue	\$65,189	\$41,481
Performance Bonds (Note 6)	-	-
Total Liabilities	\$65,189	\$41,481
Net Financial Assets	\$705,771	\$630,393

See accompanying notes to financial statements

Training Completions Fund Statement of Operations and Changes in Net Financial Assets

For the Year Ended March 31		
	2019	2018
Revenue		
Assessment Fees	\$64,525	\$50,038
Interest Income (Note 5)	10,853	5,478
	\$ 75,378	\$ 55,516
Increase in Net Financial Assets for the year	\$ 75,378	\$55,516
Net Financial Assets, beginning of year	630,393	574,877
Net Financial Assets, end of year	\$705,771	\$630,393

See accompanying notes to financial statements

Training Completions Fund **Statement of Cash Flows**

For the Year Ended March 31			2019	2018
Cash Receipts from (used in) Operating Activities				
	Receipts of Assessment Fees		\$88,233	\$45,318
	Receipts of Bank Interest		9,023	4,323
Total Operating			\$97,256	\$49,641
Net Increase in Due from General Revenue Fund			\$97,256	\$ 49,641
Due from General Revenue Fund, beginning of year			669,959	620,318
Due from General Revenue Fund, end of year			\$767,215	\$669,959

See accompanying notes to financial statements

Training Completions Fund

Notes to the Financial Statements

March 31, 2019

1. Overview of the Fund

The Training Completions Fund (Fund) was created under *The Private Vocational Schools Regulation Act, 1995*. The act was proclaimed on December 15, 1995.

The Fund is administered by the Ministry of Advanced Education (Ministry). The revenue of the Fund consists of monies that operators are directed by regulations to provide, donations to the Fund and earnings from the investments of the Fund. The Fund is used to provide the financial resources necessary to complete the training or provide refunds to students affected by the closure of a private vocational school.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards issued by the Public Sector Accounting Board. A statement of remeasurement gains and losses has been omitted as there were no relevant transactions to report.

The following accounting policies are considered significant:

a) Basis of Accounting

These financial statements are prepared using the accrual basis of accounting.

b) Revenues

Assessment Fees are reported as revenue in the year in which the related certificate of registration is issued. Assessment Fees received in one fiscal period for certificates of registration issued in the following fiscal period are reported as unearned revenue.

Interest Income is recorded in the period in which the transactions or events occurred that gave rise to the revenue.

c) Expenses

Student Compensation is recorded in the period that the expense occurred.

d) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results may differ from those estimates.

e) Financial Instruments

The Fund's financial instruments consist of Due from General Revenue Fund, Interest Receivable from General Revenue Fund, Unearned Revenue and Performance Bonds. Due to the immediate or short-term nature, all financial instruments are measured at cost.

f) New Accounting Standards

In Effect

On April 1, 2018, the Fund adopted the following new Canadian public sector accounting standard:

- i) PS 3430 Restructuring Transactions, a new standard on how to account for and report restructuring transactions by transferors and recipients of assets and/or liabilities. The adoption of Section 3430 has not had a material impact on these financial statements.

The new standard has been adopted on a prospective basis, without restatement of prior period comparative amounts.

Not Yet in Effect

A number of new standards and amendments to standards have not been applied in preparing these financial statements. The following standards will become effective as follows:

- ii) PS 3280 Asset Retirement Obligations (effective April 1, 2021), replaces PS 3270 with revised guidance on accounting for, and presentation and disclosure of, solid waste landfill closure and post-closure liability.
- iii) PS 3400 Revenue (effective April 1, 2022), a new standard establishing guidance on how to account for and report on revenue. Specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

The Fund plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.

3. Financial Instruments and Risk Management

Through its financial assets and liabilities, the Fund is exposed to various risks.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest Receivable from General Revenue Fund is subject to interest rate risk.

Interest Income is a small portion of the Fund's total revenue and increases or decreases in interest rates would not be expected to impact the Fund's operations.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting financial obligations as they fall due. Regulatory amendments to mitigate the risk including increases to required operator contributions and increased financial security requirements were enacted in November 2014.

4. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Government of Saskatchewan ministries, agencies, boards, school divisions, health authorities, regional colleges and crown corporations under common control of the Government of Saskatchewan (collectively referred to as "related parties").

The Fund has related party transactions with the General Revenue Fund included in these financial statements, which are disclosed separately in Note 5 – Due from the General Revenue Fund.

In accordance with established government practice, the Fund's administrative and occupancy costs were paid by the Ministry. Accordingly, no provision for these costs is reflected in these financial statements.

5. Due from the General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. The Fund's interest is calculated and paid from the General Revenue Fund on a quarterly basis using its 30-day borrowing rate and the Fund's average daily account balance. The General Revenue Fund's 30-day borrowing rate for 2018-19 ranged from 1.3% to 1.8% (2018 – 0.5% to 1.3%), which resulted in interest revenue of \$10,853 (2018 – \$5,478).

6. Performance Bonds Liability

The Fund administers performance bonds and other amounts provided by private vocational school operators. The performance bonds are required under *The Private Vocational Schools Regulation Act, 1995*, to guarantee obligations under student contracts, the Act and regulations.

Performance Bonds liability represents the proceeds from performance bonds and refunds due to students provided by school operators that have not been paid out to satisfy student claims at year end. After all amounts have been paid out to satisfy student claims, the net balance of the proceeds, if any, will be repaid to the issuer.

During the year the Fund refunded \$0 (2018 - \$0) of unused performance bonds to the issuer.

For More Information

If you have any questions or comments we invite you to call 1-800-597-8278 or contact:

Ministry of Advanced Education
1120 - 2010 12th Avenue
Regina, Saskatchewan S4P 0M3

The Ministry of Advanced Education produces three annual reports:

- ⇒ The Ministry of Advanced Education Annual Report 2018-19
- ⇒ Student Aid Fund Annual Report 2018-19
- ⇒ Training Completion Fund Financial Statements 2018-19

To obtain more information about the programs and services contained in these Financial Statements or to view other annual reports visit our website at saskatchewan.ca.

