



BOARD OF EDUCATION

BUDGET ADVISORY COMMITTEE MEETING

November 28, 2016
4:30 p.m.
District Education Office

AGENDA

1. Call to Order
2. Approval of the Agenda
3. Approval of the Minutes – May 9, 2016 Page 2
4. Preliminary Budget *N. Lowe* Page 6
5. Strategic Plan *K. Nelson* Page 35
6. Office of the Attorney General Report *N. Lowe* Page 44
7. Suggested Financial Resource Package for
Boards of Education *N. Lowe* Page 68
8. Transportation Funding *N. Lowe*
9. Questions
10. Adjournment

Next Meeting: **January 16, 2017**
 District Education Office

**BOARD OF EDUCATION
SCHOOL DISTRICT NO. 78 (FRASER-CASCADE)**

**DRAFT MINUTES OF THE BUDGET ADVISORY
COMMITTEE MEETING
May 9, 2016**

PRESENT:

Board - Committee Members:

Heather Stewin	Trustee
Cindy Ferguson	Trustee

Representatives:

Lori Izawa	Parent	DPAC
Lynne Marvell	President	FCTA
Darlene Smith	Payroll	CMAWBC
Cathy Speth	Representative	AEC

Staff:

Karen Nelson	Superintendent
Natalie Lowe-Zucchet	Secretary-Treasurer

Recording Secretary:

Laurie Bjorge	Accounting/Data/Human Resources
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Regrets:

Tom Hendrickson	Chair	
Bruce Becker	Principal	FCPVPA
Kevin Bird	Assistant Superintendent	
Clair Gill	Parent	DPAC
Brad Bourel	Maintenance	CMAWBC

1. Call to Order

Trustee Stewin called the meeting to order at 4:30 p.m. in the District Education Office in Hope, B.C.

2. Approval of Agenda

IZAWA/SMITH

THAT the Agenda be approved as presented.

Carried

3. Approval of Minutes – April 11, 2016

IZAWA/SMITH

THAT the Minutes of the Budget Advisory Committee meeting held on April 11, 2016 be approved.

Carried

4. Draft Budget Presentation

The Secretary-Treasurer presented the draft budget that will be presented to the Board for approval. Changes to revenue and expenses were explained. More dollars were put in the budget that was actually required. Differences are negligible as to where the district is spending, which means the district is maintaining business as usual. Funding has shrunk in comparison to cost which is why budget surplus is being used from previous years to balance.

The budget shows anticipated enrolment growth, which is part of the reason the district is now out of funding protection. There is a slight decline in funding from the Ministry. The budget is showing an overall increase in revenue mostly due to amortization of deferred capital. This does not result in an increase in actual cash for the district, simply a GAAP function that is reflected on paper. In terms of expenses, there is a slight increase in administration due to wage increase of non-unionized members, however, overall the district is holding steady because of cuts to administration staff.

The Schedule of Operating Revenue by Source shows a slight increase of operating revenue from \$19,054,536 to \$19,194,960 for 2016/17. \$3.2 million of operating funds are received through LEA/Direct Funding from First Nations. As shown in Schedule 2, Operating Revenue and Expense, funding and expenditures remain stable. There is a noticed increase in inflation, utility costs, and benefit costs, however, decreases such as LED lighting cost savings and teacher pension decreases have helped minimize the impact on schools. Overall the district will encounter a net deficit of \$1,166,905, which is offset by a budget surplus. Accounting practices have improved over the years. District staff have become diligent to collect money that is owing and paying bills in a timely manner ensuring penalties aren't incurred.

There has been a slight increase to principal and vice-principal salaries. There was a small savings with the departure of the vice-principal at Kent Elementary. There was an increase in education assistant hours as the need had increased substantially. Employee benefits cost declined due to premium holiday and teacher pension decreases.

Special purposes funds which used to be called trust funds include LIF, StrongStart, Community Link, Ready Set Learn. LIF funding consists of 80% to teachers' salaries and 20% to SEAs' salaries, which is mandated by collective agreement. The district is not anticipating a decline in special needs students.

5. Budget Report Comparison

The Secretary-Treasurer reviewed the Budget Report and explained the process that she and the principals engage in to come up with the school budgets. Working together, the Preliminary Budget is created.

6. Draft Administration Savings Plan

The district exceeded the savings target. The savings from the C.E.Barry closure could be used again as long as the costs weren't incorporated back into the budget. WorkSafe BC savings of \$37,000 savings last year was due to a drop in rates and will continue to be a savings. The teacher pension plan reduction was used as well in the cost savings.

7. Staff Reduction/Retirement by School

The Secretary-Treasurer explained the staff reductions. Compared to last year, the district had less temporary support staff. Staff that are laid off at the end of the year more than likely will be brought back, depending on student enrolment. The Secretary-Treasurer noted there are more retirements that need to be added to spreadsheet.

8. ICBC Insurance Update

The latest Shared Service Plan is ICBC insurance. Currently the district has an insurance renewal date of September 30th. All vehicles had to be inspected and insured by this date. The government now has decided all districts must change to a June 30th date which the district will have to implement this June. The district will still need to self-insure comprehensive and collision costs through School Protection Branch. Comprehensive deductible rate will change from \$300 to \$1000.

9. Enrolment Information

The Secretary-Treasurer reviewed the enrolment numbers and enrolment trend. The recording secretary noted to fix the Hope chart.

10. Questions

The committee further discussed the change to ICBC insurance. The Secretary-Treasurer noted as well that after this first year of change, districts are able to go back to their local insurance agents. The government's intent by making this change is to take advantage of mass buying power resulting in cost savings.

IZAWA/FERGUSON

THAT the proposed budget be forwarded to the Board of Education for approval.

Carried

Adjournment

IZAWA

THAT the meeting be adjourned.

Carried

Meeting adjourned at 5:30 p.m.

Notice of Next Meeting: Fall, 2016

Prelim. Budget 2016 2017

S.D.# 78 (Fraser Cascade)

Budget 2016 2017

- Key dates:
 - Feb- Minister announces Provincial funding
 - Feb 13 – Enrolment projections due from District
 - Mid March – funding announcement MOE
 - Mar- April – preliminary budgets developed
 - April 30 – end of lay-off period
 - May 4 – Board Meeting – first reading of budget
 - June 30- Approved budget due to MOE
 - Sept 30 - Enrolment snapshot
 - Feb 28 – Amended budget due

Budget 2016 2017

- Budget Re-cap:
- Funding has been stable and predictable under funding protection formula advanced three years ago
 - This year is our first year in three years that the District isn't in funding protection due to District growth. Our funding has now increased as our student numbers increased. Government has committed to fully funding all new enrolment increases so the money isn't the money any longer!
 - Other forms of revenue comprise less than 1% of overall revenue so we are heavily reliant on MOE funding and funding through our LEA's with our bands.

Budget 2016 2017

Name	Account	2016-17 Preliminary Budget Submission	2015-16 Final Budget	Final Budget Variance
Operating Grant MOE		\$19,045,439	\$18,616,020	\$429,418
Other MOE Grants				
	Pay Equity	229516	229516	0
	Community Link Funding	343579	342239	1340
	Literacy Grant	0	0	0
	French Grants	10382	10382	0
	Strong Start	96000	96200	-200
	Learning Improvement Fund	386079	390861	-4782
	Ready Set Learn	12250	12250	0
		\$1,077,806	\$1,081,448	-\$3,642
Other Income				
	Local Education Agreements	0	0	0
	Internation Student fees	24000	24000	0
	Miscellaneous	15000	15000	0
		\$39,000	\$39,000	\$0
Rentals and Leases				
	Rental Income	50000	50000	0
		\$50,000	\$50,000	\$0
Investment Income				
	Interest Income	150000	120000	30000
		\$150,000	\$120,000	\$30,000
Surplus/(Deficit)				
Carryforward				
	Surplus/(Deficit) Carryforward Unrestricted	427816	434012	-6196
	Surplus/(Deficit) Carryforward Restricted	1289550	1120829	168721
	Surplus/(Deficit) Allocation		1120829	168721
		\$1,717,366	\$1,554,841	\$162,525
		\$22,079,611	\$21,461,309	\$618,301

Budget 2016 2017

- Government changes
 - 14M in transportation funding – 184,000 for SD78
 - Review of funding formula on-going
 - Financial Health working group
 - Key questions for Boards to consider
 - Do we have a strategic plan in place linked to the budget
 - Is there timely reliable info on actual vs. budget
 - Is there timely reliable info on forecasted costs
 - Are there reporting processes to monitor financial performance
 - Is there a process to adjust operational and capital spending as required
 - Are we engaging and communicating with stakeholders about financial performance

Budget 2016 2017

	2016/2017	2015/2016	2014/2015	Difference in last 2 yrs
Prelim Operating grant	18,689,520 184,576 46,587+40337	18,621,966	18,564,546	339,054
Learning Improvement	386,079	390,861	374,637	(4782)
Community Link	343,579	342,239	340,375	1340
Annual Facility Grant	116,399	116,399	116,399	0
Pay Equity	229,516	229,516	229,516	0
Labour Settlement	0	0	284,214	
Total				335,612 +

Budget 2016 2017

- Overall Provincial budget increased \$50M largely to cover labour settlement costs less the savings from administration
- Districts were tasked with reducing our admin budget by another \$25M. Our share was \$96,520 (\$113,350).
- Exempt salary increases approved by PSEC remain unfunded. This is a cost of approximately \$200,000.

Budget 2016 2017

- Administrative cuts:
 - Principal reduction 1.0 FTE \$97,000
 - Clerical/custodial reduction (CE Barry) .5 FTE/3 hours \$46,000
 - Utility savings from CE Barry \$14,000
 - Utility savings from energy reductions \$9,000

Budget 2016 2017

- Other Cost Pressures:

- Part time Trades Coordinator \$ 63,000
- Funding for welding program/ trades \$ 20,000
- MyEd BC implementation \$ 20,000
- NGN Costs \$ 50,000
- Block release for Mountain School \$ 12,000
- Innovative Practices funding \$ 30,000
- Additional staffing for special education \$100,000
- Website redesign \$ 20,000

- Total \$ 315,000

Budget 2016 2017

- Learning Improvement Fund
 - \$100 M has been allocated to Districts (100M in 15/16, 60M in 12/13, 13/14 and 94M in 14/15).
 - Districts have discretion to allocate to improve learning conditions for all students.
 - 80% must be spent on teachers and 20% on support staff
 - Our plan was submitted to the MOE. (308,6796 for teachers and 77,169 for support)

Budget 2016 2017

Name	Account	2016-17 Preliminary Budget Submission	2015-16 Final Budget	2011-12 Final Budget Variance
Certificated Staff				
		\$12,256,806	\$11,993,782	\$263,024
Support Staff				
		\$5,614,116	\$5,609,302	\$4,815
Trustees				
		\$83,275	\$81,749	\$1,526
102 Regular Instruction				
		\$1,769,771	\$1,502,830	\$266,941
103 Career Programs				
		\$2,500	\$72,500	(\$70,000)
107 Library Services				
		\$31,500	\$33,500	(\$2,000)
110 Special Education				
		\$155,529	\$157,208	(\$1,679)
131 Aboriginal Ed				
		\$561,171	\$467,045	\$94,126
141 School Admin				
		\$57,100	\$54,100	\$3,000
411 Educational Administration				
		\$48,685	\$49,000	(\$315)
440 School District Governance				
		\$79,535	\$81,061	(\$1,526)
441 Business Administration				
		\$102,000	\$102,000	\$0
541 Maintenance				
		\$17,225	\$42,388	(\$25,163)
550 Maintenance Operations				
		\$427,545	\$427,545	\$0
552 Grounds				
		\$25,000	\$27,000	(\$2,000)
556 Utilities				
		\$464,100	\$506,100	(\$42,000)
741 Transportation				
		\$9,000	\$9,000	\$0
770 Transportation				
		\$245,200	\$245,200	\$130,000
		\$22,080,059	\$21,461,309	\$618,749

Budget 2016 2017

- Budget Recap
 - Technology demands:
 - We have maintained our technology evergreen plan. Every second year a school receives funding for upgrades. A total of \$70,000 per year is set aside.
 - This year the District is purchasing services to update our District website and the school website in response to hearing the need for better communication.

Budget 2016 2017

- Budget Recap:
 - The Provincial Learning Network (PLN) upgrade is now complete and it means the District will have greater bandwidth. The PLN is being funded through our AFG.

Budget 2016 2017

- The District has been conservative in budget approach to try to ensure that the impacts of the changes in funding and costs do not mean any major cuts.
- We are working on teacher collaboration and other initiatives to assist in implementing the new curriculum. The BC Ed plan money of \$32,875 is being used to support Pro-D and collaboration time at the schools.
- We also set another \$30,000 aside for collaboration.

Budget 2016 2017

- RECAP
- Additional SEA and teacher staffing from surplus due to class composition issues in addition to LIF funds
- trades and technology coordinator position (.5 FTE) plus additional supports through grant funding
- More vision hearing
- Additional bussing to continue to accommodate facility needs
- We may need to review District boundaries to ensure appropriate facility use
- More money into trades and tech with some corresponding grants
- A new web presence with an updated website.

Budget 2016 2017

- Learning Improvement Fund Allocations (\$390,861)
- Teaching:

School	2016	2015	2014	TOTAL
Coquihalla Elem	1.0	1.00	1.00	3.0
Hope Sec	0	0	.714	0.714
Kent Elem	.714	.714	.800	2.228
Boston Bar	.250	.250	.250	0.750
Silver Creek	.400	.400	.200	1.00
Harrison	.600	.600	.250	1.45
Agassiz Elem Sec	1.0	1.00	0.00	2.00
TOTAL	3.964 ²¹	3.964	3.214	11.142

Budget 2016 2017

- Learning Improvement Fund
- Support staff allocation: hours/day

School	2016	2015	2014	TOTAL
Coquihalla	4.25	4.25 hours	4.00	12.5
Hope Sec	5.00	5.00	0.00	10.00
Kent	4.25	4.25	4.00	12.50
Boston Bar	1.25	1.25	0.00	2.5
Silver Creek	0	0.00	4.00	4.00
TOTAL	14.75	14.75	12.00	41.50

Budget 2016 2017

DATE : OCT-13-2016 13:41		(FORM 1701) HEADCOUNT* FOR SCHOOLS FUNDED WITHIN THE F.A.S. - AS AT : SEP-30-2016															ECHO			
DISTRICT SUMMARY : 078 Fraser-Cascade		=====																		
SCHOOL CODE	SCHOOL NAME	KIND HALF	KIND FULL	1	2	3	4	5	6	7	ELEM UNGR	8	9	10	11	12	SECN UNGR	GRAD. ADULT	TOTAL	HOME SCHI
07832003	Hope Secondary	0	0	0	0	0	0	0	0	57	0	59	68	70	49	55	0	0	358	1
07832004	Boston Bar Elem-Seconda	0	4	1	5	6	4	6	7	4	0	4	4	0	3	4	0	0	52	0
07832006	Coquihalla Elementary	0	52	47	52	59	58	49	60	0	0	0	0	0	0	0	0	0	377	3
07876002	Harrison Hot Springs El	0	20	8	15	18	12	10	21	0	0	0	0	0	0	0	0	0	104	0
07876003	Agassiz Elem-Secondary	0	0	0	0	0	0	0	0	43	0	48	51	51	47	53	0	0	293	0
07876007	Kent Elementary	0	42	30	55	44	40	40	47	0	0	0	0	0	0	0	0	0	298	1
07878000	Fraser Cascade Continui	0	0	0	0	0	0	0	0	0	0	0	0	0	4	14	0	0	18	0
07878012	Silver Creek Elementary	0	11	17	15	19	13	19	12	14	0	0	0	0	0	0	0	0	120	0
07899053	Two Rivers Education Ce	0	0	0	0	0	0	0	0	0	0	2	10	17	24	3	0	0	56	0
07899183	Agassiz Centre for Educ	0	0	0	0	0	0	0	0	0	0	1	4	4	4	4	0	0	17	0
TOTAL REPORTED ENROLMENT FOR SCHOOLS FUNDED WITHIN THE F.A.S.		0	129	103	142	146	127	124	147	118	0	114	137	142	131	133	0	0	1693	5

DATE : OCT-13-2016 13:41		(FORM 1701) FUNDED ENROLMENT - AS AT : SEP-30-2016							ECHO REPORT 8	
		FOR SCHOOLS FUNDED WITHIN THE F.A.S.								
DISTRICT SUMMARY : 078 Fraser-Cascade										
MINISTRY SCHOOL CODE	NAME	---- KINDERGARTEN ---- (0.5 FTE)	---- (1.0 FTE)	GRADES 1 TO 3	GRADES 4 TO 7 AND EU	GRADES 8 TO 10 AND SU	GRADES 11 TO 12	GRAD. ADULT	FUNDED *FTE	TOT HOME REG
07832003	Hope Secondary	.0000	.0000	.0000	57.0000	196.3750	103.6250	.0000	357.0000	1
07832004	Boston Bar Elem	.0000	4.0000	12.0000	21.0000	8.0000	5.5000	.0000	50.5000	0
07832006	Coquihalla Elem	.0000	52.0000	158.0000	167.0000	.0000	.0000	.0000	377.0000	3
07876002	Harrison Hot Sp	.0000	20.0000	41.0000	43.0000	.0000	.0000	.0000	104.0000	0
07876003	Agassiz Elem-Se	.0000	.0000	.0000	43.0000	152.1250	112.0000	.0000	307.1250	0
07876007	Kent Elementary	.0000	42.0000	129.0000	127.0000	.0000	.0000	.0000	298.0000	1
07878000	Fraser Cascade	.0000	.0000	.0000	.0000	.0000	2.6250	.0000	2.6250	0
07878012	Silver Creek El	.0000	11.0000	51.0000	58.0000	.0000	.0000	.0000	120.0000	0
07899053	Two Rivers Educ	.0000	.0000	.0000	.0000	29.0000	27.0000	.0000	56.0000	0
07899183	Agassiz Centre	.0000	.0000	.0000	.0000	9.0000	8.0000	.0000	17.0000	0
TOTAL:		.0000	129.0000	391.0000	516.0000	394.5000	258.7500	.0000	1689.2500	5

Budget 2016 2017

DATE : OCT-11-2013 08:42 (FORM 1701) HEADCOUNT* FOR SCHOOLS FUNDED WITHIN THE F.A.S. - AS AT : SEP-30-2013 ECHO RE
DISTRICT SUMMARY : 078 Fraser-Cascade -----

SCHOOL CODE	SCHOOL NAME	KIND HALF	KIND FULL	1	2	3	4	5	6	7	ELEM UNGR	8	9	10	11	12	SECN UNGR	GRAD. ADULT	TOTAL	HOME SCHL
07832003	Hope Secondary	0	0	0	0	0	0	0	0	0	0	58	57	71	60	70	0	0	316	1
07832004	Boston Bar Elem-Seconda	0	6	3	6	5	6	3	5	0	0	4	2	5	3	6	0	0	54	0
07832006	Coquihalla Elementary	0	62	40	44	53	57	0	0	0	0	0	0	0	0	0	0	0	256	0
07832011	C E Barry Intermediate	0	0	0	0	0	0	51	51	52	0	0	0	0	0	0	0	0	154	0
07876002	Harrison Hot Springs El	0	16	16	19	21	14	8	12	0	0	0	0	0	0	0	0	0	106	0
07876003	Agassiz Elem-Secondary	0	0	0	0	0	0	0	0	56	0	51	62	56	38	48	0	0	311	0
07876007	Kent Elementary	0	38	37	41	28	29	36	47	0	0	0	0	0	0	0	0	0	256	0
07878012	Silver Creek Elementary	0	11	11	15	14	7	11	13	18	0	0	0	0	0	0	0	0	100	0
07899053	Two Rivers Education Ce	0	0	0	0	0	0	0	0	0	0	5	9	17	12	21	0	7	71	0
07899183	Agassiz Centre for Educ	0	0	0	0	0	0	0	0	0	0	1	4	6	10	44	0	5	70	0
TOTAL REPORTED ENROLMENT FOR SCHOOLS FUNDED WITHIN THE F.A.S.		0	133	107	125	121	113	109	128	126	0	119	134	155	123	189	0	12	1694	1

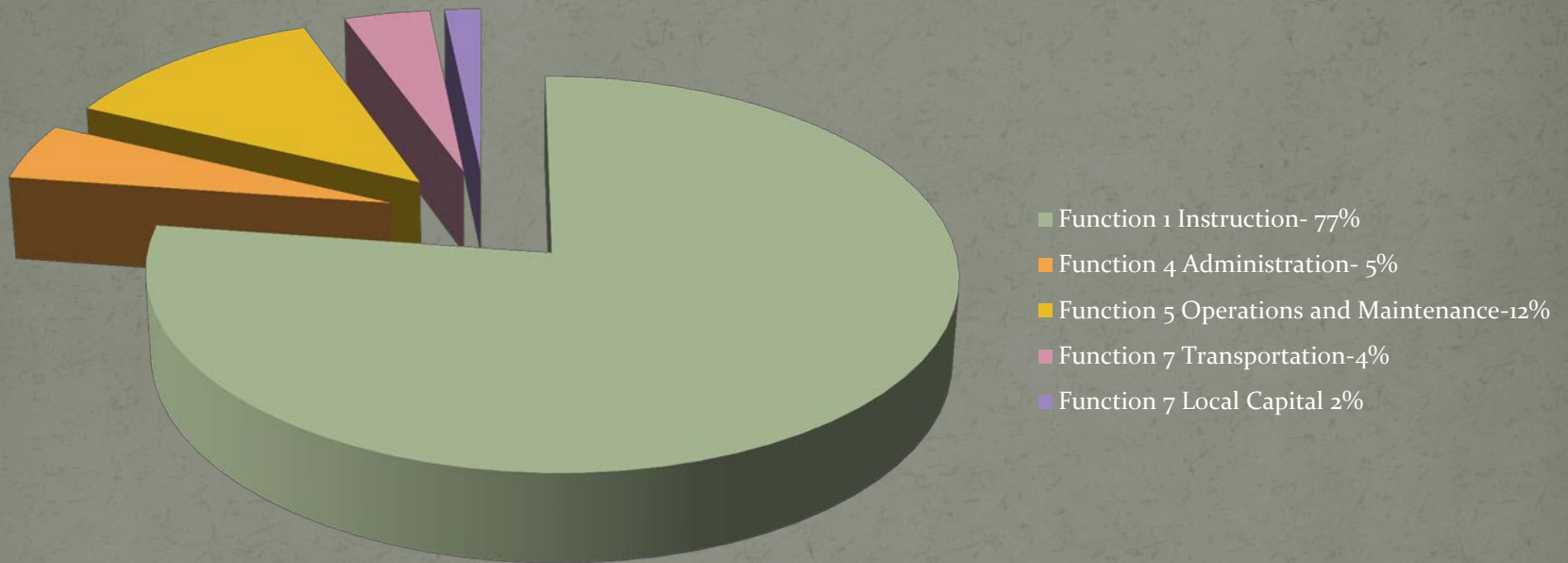
DATE : OCT-31-2014 14:01 (FORM 1701) HEADCOUNT* FOR SCHOOLS FUNDED WITHIN THE F.A.S. - AS AT : SEP-30-2014 ECHO REPO
DISTRICT SUMMARY : 078 Fraser-Cascade -----

SCHOOL CODE	SCHOOL NAME	KIND HALF	KIND FULL	1	2	3	4	5	6	7	ELEM UNGR	8	9	10	11	12	SECN UNGR	GRAD. ADULT	TOTAL	HOME SCHL
07832003	Hope Secondary	0	0	0	0	0	0	0	0	27	0	70	53	49	69	54	0	0	322	1
07832004	Boston Bar Elem-Seconda	0	3	7	2	6	7	4	3	6	0	0	5	5	3	1	0	0	52	0
07832006	Coquihalla Elementary	0	44	59	47	42	54	57	47	0	0	0	0	0	0	0	0	0	350	3
07876002	Harrison Hot Springs El	0	15	13	11	18	21	12	8	0	0	0	0	0	0	0	0	0	98	0
07876003	Agassiz Elem-Secondary	0	0	0	0	0	0	0	0	53	0	56	40	55	48	39	0	0	291	0
07876007	Kent Elementary	0	44	33	39	49	34	33	32	0	0	0	0	0	0	0	0	0	264	0
07878012	Silver Creek Elementary	0	13	13	14	13	8	11	6	35	0	0	0	0	0	0	0	0	113	0
07899053	Two Rivers Education Ce	0	0	0	0	0	0	0	0	0	0	0	11	10	38	15	0	4	78	0
07899183	Agassiz Centre for Educ	0	0	0	0	0	0	0	0	0	0	0	2	7	8	22	3	3	45	0
TOTAL REPORTED ENROLMENT FOR SCHOOLS FUNDED WITHIN THE F.A.S.		0	119	125	113	128	124	117	96	121	0	126	111	126	166	131	3	7	1613	4

DATE : OCT-22-2015 09:21 (FORM 1701) HEADCOUNT* FOR SCHOOLS FUNDED WITHIN THE F.A.S. - AS AT : SEP-30-2015 ECHO RE
DISTRICT SUMMARY : 078 Fraser-Cascade -----

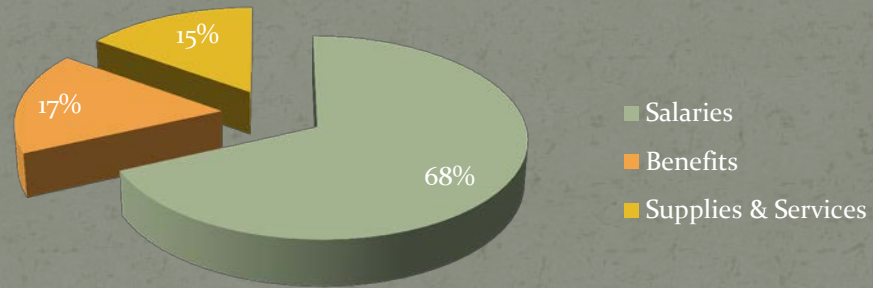
SCHOOL CODE	SCHOOL NAME	KIND HALF	KIND FULL	1	2	3	4	5	6	7	ELEM UNGR	8	9	10	11	12	SECN UNGR	GRAD. ADULT	TOTAL	HOME SCHL
07832003	Hope Secondary	0	0	0	0	0	0	0	0	29	0	63	78	49	43	65	0	0	327	0
07832004	Boston Bar Elem-Seconda	0	2	4	10	4	7	6	4	4	0	4	2	4	4	4	0	0	59	0
07832006	Coquihalla Elementary	0	40	50	62	50	45	55	53	0	0	0	0	0	0	0	0	0	355	0
07876002	Harrison Hot Springs El	0	12	14	14	12	13	16	12	0	0	0	0	0	0	0	0	0	93	0
07876003	Agassiz Elem-Secondary	0	0	0	0	0	0	0	0	50	0	56	55	47	52	44	0	0	304	0
07876007	Kent Elementary	0	29	45	42	37	45	44	33	0	0	0	0	0	0	0	0	0	275	0
07878012	Silver Creek Elementary	0	20	19	18	17	16	8	16	29	0	0	0	0	0	0	0	0	143	0
07899053	Two Rivers Education Ce	0	0	0	0	0	0	0	0	0	0	1	8	19	25	14	0	0	67	0
07899183	Agassiz Centre for Educ	0	0	0	0	0	0	0	0	0	0	0	3	4	7	13	0	0	27	0
TOTAL REPORTED ENROLMENT FOR SCHOOLS FUNDED WITHIN THE F.A.S.		0	103	132	146	120	126	124	118	112	0	124	146	123	131	140	0	0	1650	0

Budget 2016 2017



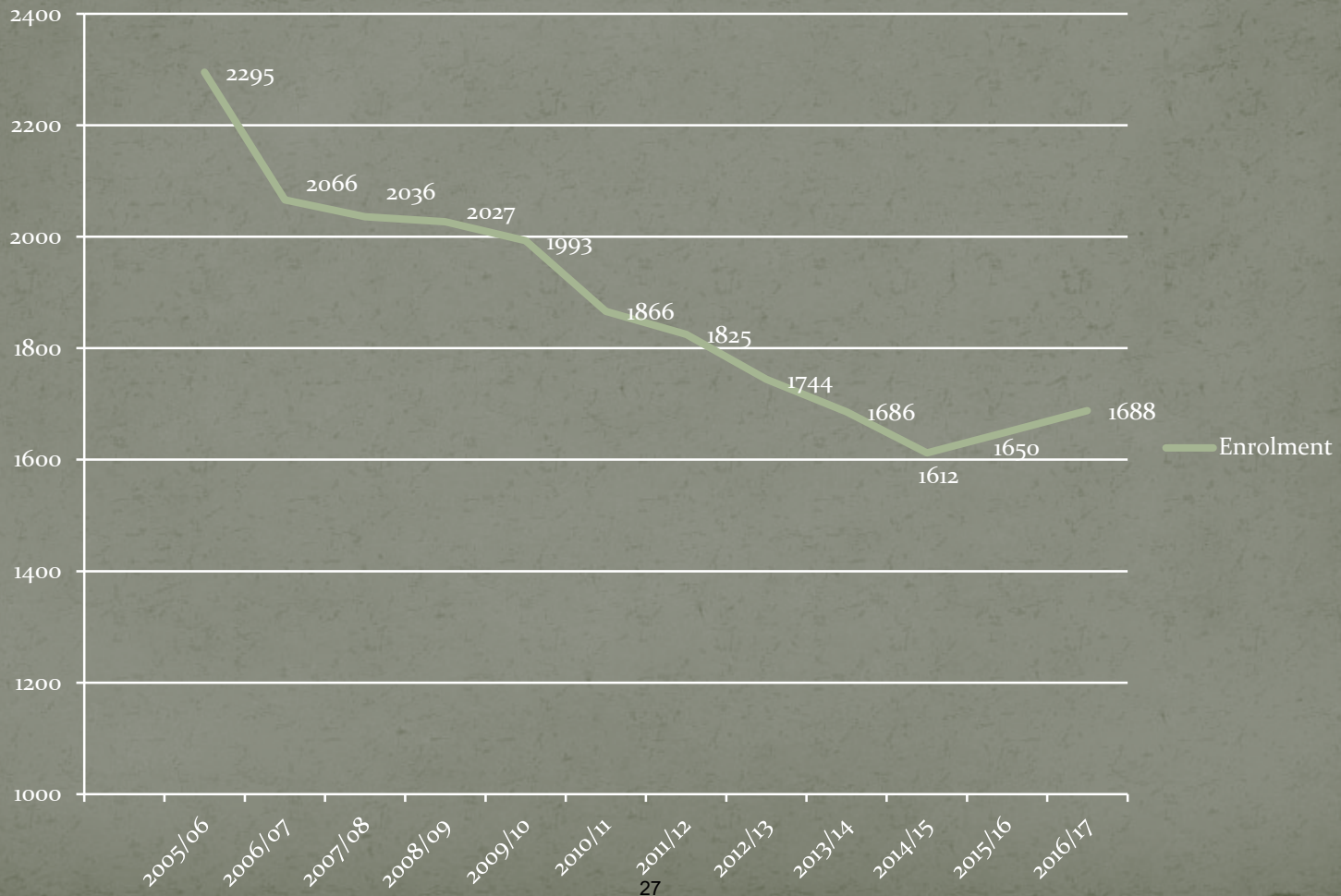
Budget 2016 2017

- Breakdown of Budget



Budget 2016 2017

Ten year enrolment review Enrolment



Budget 2016 2017

- Government is reviewing the funding formula. To date, a new formula has not been presented. The value in the current formula is the ability to plan as we know how much funding will be available to us.
- We have kept reserves to try to allow a phased in approach to any changes required.

Budget 2016 2017

- Reserve/Contingency/Surplus
 - We have 4.9 M surplus -3.8 unrestricted
 - This year the District is tapping into the unrestricted surplus to balance the budget (428,000 of unrestricted surplus)
 - \$334,000 plus potentially \$100,000 more for additional support staff is budgeted to cover staff cost increases, added staffing and cost pressures.
 - The good news is that we have not had to make cuts to services but are able to judiciously add to service.
 - With our increase in student numbers and no increase in funding, this money will support our district without cuts to services.

Budget 2016 2017

Estimated Operating Grants - 2016/17 School Year

School District 78 Fraser-Cascade

September 2016 Enrolment Count

	School-Age Enrolment	Funding Level	Funding	Total Supplement
Standard (Regular) Schools	1,580.5000	\$7,166	\$11,325,863	
Continuing Education	0.0000	\$7,166	\$0	
Alternate Schools	72.5000	\$7,166	\$519,333	
Distributed Learning	0.0000	\$6,030	\$0	
Home Schooling	0	\$230	\$0	
Course Challenges	0	\$224	\$0	
Total Enrolment-Based Funding (September)	1,653.0000			\$11,845,398

	Total Enrol. Change	Funding Level	Funding	Total Supplement
1% to 4% Enrolment Decline	9.2500	\$3,583	\$0	
4%+ Enrolment Decline		\$3,373	\$0	
Significant Cumulative Decline (7%+)	70.8750	\$3,583	\$0	
Supplement for Enrolment Decline				\$0

	Enrolment	Funding Level	Funding	Total Supplement
Level 1 Special Needs	2	\$37,700	\$75,400	
Level 2 Special Needs	76	\$18,850	\$1,432,600	
Level 3 Special Needs	52	\$9,500	\$494,000	
English Language Learning	98	\$1,380	\$135,240	
Aboriginal Education	640	\$1,195	\$764,800	
Adult Education	3.5000	\$4,563	\$15,978	
Vulnerable Students			\$0	

Supplement for Unique Student Needs **\$2,918,018**

Variance from Provincial Average	-\$2,647	
Estimated Number of Educators	92.028	-\$243,398

	Enrolment	Funding Level	Funding	Total Supplement
FTE Distribution	1,656.5000	\$180.33	\$298,717	

Supplement for Salary Differential **\$55,119**

Supplement for Unique Geographic Factors **\$3,934,630**

Funding Protection **\$0**

Supplement for the Education Plan **\$32,875**

September 2016 Enrolment Count, Total **\$18,786,040**

July 2016 Enrolment Count

	Enrolment	Funding Level	Funding	Total Supplement
Summer Learning Grade 1-7	0	\$206	\$0	
Summer Learning Grade 8-9	0	\$206	\$0	
Summer Learning Grade 10-12	0	\$412	\$0	
Supplemental Summer Learning Funding			\$0	
Cross-Enrolment, Grade 8 and 9	0	\$412	\$0	
Summer Learning, Total				\$0

February 2017 Enrolment Count

	Enrolment	Funding Level	Funding	Total Supplement
School-Age FTE - Continuing Education	0.0000	\$7,166	\$0	
Adult FTE - Continuing Education	0.0000	\$4,563	\$0	
K-Gr 9 School-Age FTE - Distributed Learning	0.0000	\$3,013	\$0	
Gr 10-12 School-Age FTE - Distributed Learning	0.0000	\$6,030	\$0	
Adult FTE - Distributed Learning	0.0000	\$4,563	\$0	
Level 1 Special Needs Enrolment Growth	0	\$18,850	\$0	
Level 2 Special Needs Enrolment Growth	0	\$9,423	\$0	
Level 3 Special Needs Enrolment Growth	0	\$4,730	\$0	
Newcomer Refugees	0.0000	\$3,583	\$0	
ELL Supplement - Newcomer Refugees	0	\$690	\$0	
February 2017 Enrolment Count, Total				\$0

May 2017 Enrolment Count

	Enrolment	Funding Level	Funding	Total Supplement
School-Age FTE - Continuing Education	0.0000	\$7,166	\$0	
Adult FTE - Continuing Education	0.0000	\$4,563	\$0	
K-Gr 9 School-Age FTE - Distributed Learning	0.0000	\$2,010	\$0	
Gr 10-12 School-Age FTE - Distributed Learning	0.0000	\$6,030	\$0	
Adult FTE - Distributed Learning	0.0000	\$4,563	\$0	
May 2017 Enrolment Count, Total				\$0

Administrative Savings **-\$96,520**

2016/17 Full-Year Estimated Total

\$18,689,520

Estimated 2016/17 Operating Grant from Aboriginal Affairs & Northern Development Canada	\$2,861,301
Estimated 2016/17 Operating Grant from Ministry of Education	\$15,828,219

Budget 2016 2017

- . Key Themes from Auditor General and Special Advisor Reports

Develop a strategic plan to inform operational and budget decisions, ensuring transparent communication to all stakeholders

- Implement expenditure controls (e.g. expense authorities) and financial policies/procedures (e.g. surplus policy)

- Monitor and report on budget to actuals to the Board (or Committee)

- Communicate financial performance to the Board and stakeholders

- Establish risk management plans and mitigation strategies

- Develop long-range facilities plans to support strategic decision making

Budget 2016 2017

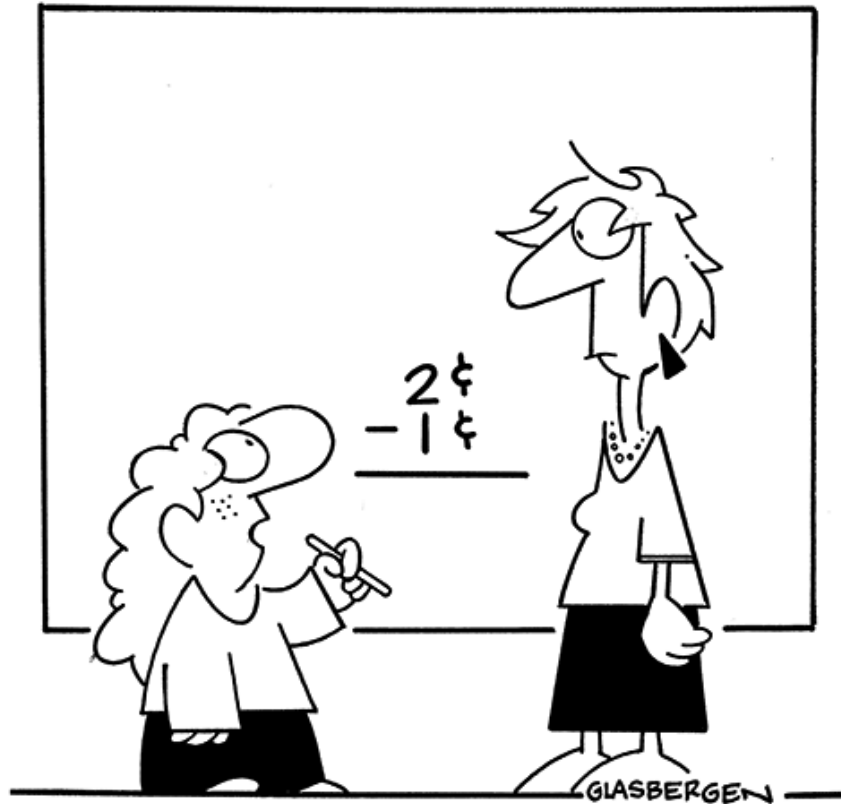
- Government is continuing with the Service Delivery Project which is no longer considered voluntary.
- There is a new Shared Services Branch that will work in collaboration with School Districts to implement the changes.
- The idea is to ensure that the most dollars possible are targeted to the classroom. Some of the groups are continuing to ask for information to assist in implementation of further requests for proposals on various purchasing initiatives

Budget 2016 2017

- We are a part of the legal services group that is provided through BCPSEA. We will start to be billed for these costs in the next fiscal year
- We have been given \$25,000 to begin our wellness initiatives or wait until the pilot is done and implement their recommendations. This money has been earmarked in our special purposes funds.

Budget 2016 2017

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“Give me a minute — I’m trying to figure out what Warren Buffett would do!”

Board of Education Strategic Plan 2015-2018

Fraser-Cascade School District 78



Mekw [>] wat i:xel
“Everyone Pulling Together”



Vision Statement

“Everyone pulling together” to improve the achievement of all Learners, and everyone crossing the stage with dignity, purpose and options.



- Identify students' different interests, strengths and needs.
- Intervene as early as possible to help students at risk to read at grade standards.
- Create support throughout the system, and within classrooms, wherever we can.
- Accommodate students' varied learning styles and unique personalities with course choices and adaptations.

Inclusiveness

Honouring Culture and Community

- Make schools welcoming and inviting for all students.
- Integrate and embed culture and language into the curriculum.
- Encourage family involvement in the school.
- Ensure that all students are given the opportunity to graduate.
- Honour student successes, and support their challenges.

- Engage respectfully with each other, and expect similar behaviour in others.
- Acknowledge, recognize, and celebrate excellence among students, staff and contributing community members.
- Work with partner groups in committees to request and acknowledge their input.

Communication and Collaboration

Transitions

- Ensure that transitions from grade to grade, from school to school, and from secondary to post-secondary are made with the best continuation of learning and confidence.

Our Responsibility to All Learners

- Make each student's education an experience that will ready them for after-graduation success.
- Hire teachers and support staff with the view that they will provide a quality experience for each student.

Quality Teaching and Learning

- Understand that *formal* curriculum includes the learning environment, academic standards and accountability.
- Understand that the *informal* curriculum includes all students in their roles, relationships, and responsibilities.
- Create a place of comfort and a feeling of belonging for all students from all cultures.

Our Proposals

In order to **Engage All Learners**, we propose to maintain and enhance our learning community, by which students, parents and guardians, staff, and community partners come together to talk and to demonstrate that we value and support student achievement.



In order to help **First Nations Students Achieve Success** at school, we propose to work collaboratively with the Aboriginal Education Council to assess programs and to construct and create new ones.

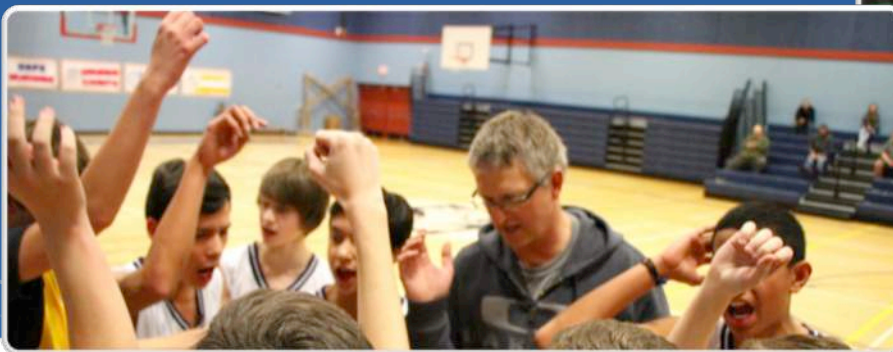


In order to further **Personalized Learning**, we propose to watch for evidence of program success within and outside our district, so that we may enhance current practice and encourage innovative practice.



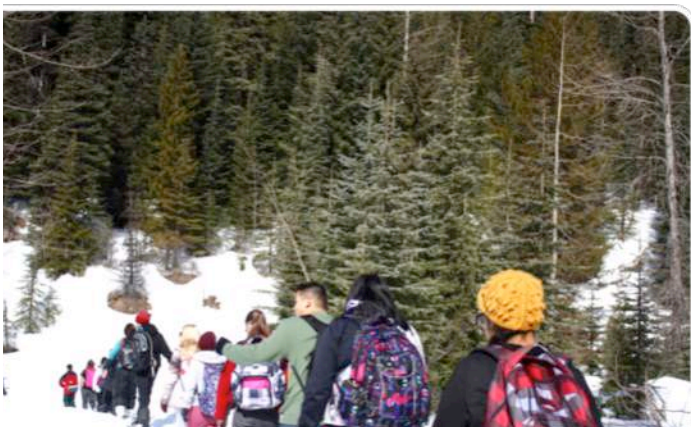
We have many wonderful opportunities that our schools have created, implemented and embraced.

Our Programs



Some Curricular Programs

Reading Link Challenge, Bookmark Creation, Story Time in the Park, Breakfast for Learning, Salmonids, Apprenticeship, Work Experience, Welding Program (partnership with Thompson Rivers University), Dual Credit Courses (partnership with University of the Fraser Valley), First Nations Mentorship Program, District Band Program, Elementary Choir Programs, Drama Productions, Enrichment Challenges, Native Indigenous Teacher Education Program Field Centre, Choices.



Unique Fraser-Cascade Outdoors Programs

- Hope Mountain School
- Great River Wetlands Curriculum
- Silver Creek Forest School

For more school specific programs, click the school links in the pages below.

Our Schools

Agassiz Centre For Education (ACE)



Agassiz Elementary- Secondary School



Boston Bar Elementary- Secondary School



Our Schools

Coquihalla
Elementary
School, Hope



Harrison Hot
Springs
Elementary
School



Hope Secondary
School



Our Schools

Kent Elementary School, Agassiz



Silver Creek Elementary School



Two Rivers Education Centre (TREC), Hope

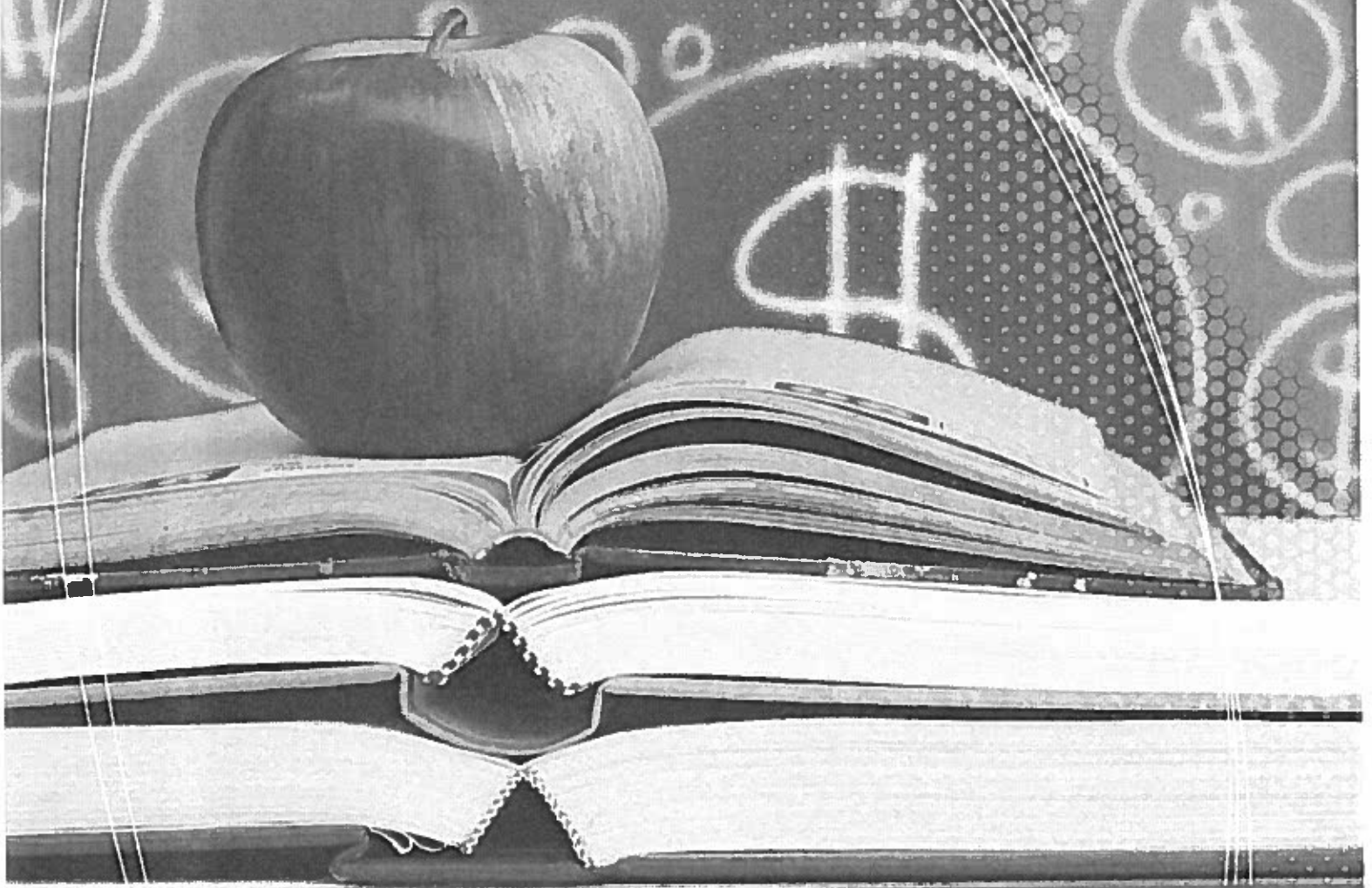


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“Everyone Pulling Together”



May 2016



IMPROVING BUDGETING AND
EXPENDITURE MANAGEMENT IN THE
PUBLIC EDUCATION SYSTEM

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The Honourable Linda Reid
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
V8V 1X4

Dear Madame Speaker:

I have the honour to transmit to the Legislative Assembly of British Columbia my report, *Improving Budgeting and Expenditure Management in the Public Education System*.

We conducted the audit in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the *CPA Handbook – Assurance and Value-for-Money Auditing in the Public Sector*, Section PS 5400, and under the authority of Section 11 (8) of the *Auditor General Act*.



Carol Bellringer, FCPA, FCA
Auditor General
Victoria, B.C.
May 2016

AUDITOR GENERAL'S COMMENTS

THROUGH OUR ONGOING audits in the public education system, we've observed instances in which the Ministry of Education and some school districts were caught off-guard by unpredicted deficits and budget shortfalls, in part because some districts were struggling to manage their finances.

Therefore, it seemed appropriate to audit school districts' budgeting and expenditure monitoring practices and share our findings with all districts in the hopes that everyone could benefit. As such, we collected our observations from our past audits, and noted and researched good practices. We also looked at the Ministry of Education's role in monitoring and providing guidance in this area.

We chose four school districts, representing a range of budget sizes and geographical areas:

1. SD No. 8 (Kootenay Lake)
2. SD No. 38 (Richmond)
3. SD No. 61 (Victoria)
4. SD No. 68 (Nanaimo-Ladysmith)

We are encouraged that these districts follow many of the good practices that we expected for developing their budgets and monitoring their expenses.

Accountability changes being introduced between government and the districts are designed to give districts increased flexibility to set goals most relevant to their individual circumstances. It also places greater importance on school districts' long-term sound strategic and financial planning because solid planning processes help ensure better spending decisions.



CAROL BELLRINGER, FCPA, FCA
Auditor General

AUDITOR GENERAL'S COMMENTS

We also found potential for improvement in a few key areas, such as communications and spending controls. Districts could increase communication of their strategic plans to their stakeholders to better link their budget decisions to their goals and outcomes. They could also provide better information to their respective school board so the board can make the best quality decisions. Finally, tightening some spending controls would help to curb over-spending.

For the government's part, the Ministry of Education is monitoring and guiding school districts well. It could provide even greater direction to districts around development of their strategic plans, which in turn would better inform the districts' budget development process.

This was not intended to be a conclusive audit of the whole public education sector; however, we made 8 recommendations - 6 for all school districts so they can consider improving their budget development and expenditure monitoring activities, and 2 for the Ministry of Education.

Our report also includes a list of 20 self-assessment questions, based on good practice principles, for school trustees to discuss with district management about the state of their budget development and expenditure monitoring, and where improvements might be made.

We wish to thank everyone we spoke to in the public education system for their cooperation and contribution to this report.



Carol Bellringer, FCPA, FCA
Auditor General
May 2016

REPORT HIGHLIGHTS

**\$4.7
BILLION**

budget for
60 districts
(2015)



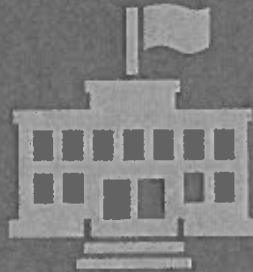
Some districts struggle to

**MANAGE
THEIR
FINANCES**



Found **GOOD
PRACTICES &**
areas to **IMPROVE**

STUDENTS



**535,000
PUBLIC**



**81,000
PRIVATE**



**2,200
HOME SCHOOLED**
(2015)

Districts should set
**CLEAR DIRECTION
& REALISTIC
BUDGETS, and
MONITOR
SPENDING**

All districts can learn
from this report's

**SELF-ASSESSMENT
CHECKLIST FOR
SCHOOL BOARDS**

on page 20



Good
planning
ENSURES BETTER
spending
decisions

SUMMARY OF RECOMMENDATIONS

WE RECOMMEND THAT THE MINISTRY OF EDUCATION PROVIDE SCHOOL DISTRICTS WITH GUIDANCE, SUPPORT AND EXPECTATIONS FOR:

- 1** developing and communicating strategic plans that demonstrate how the priorities identified and goals set inform both operational strategies and budget decisions.
- 2** documenting and communicating the actual results achieved compared to the budget and the goals developed during the strategic planning process.

WE RECOMMEND THAT, WHERE APPLICABLE, EVERY SCHOOL DISTRICT:

- 3** develop a strategic plan that shows how the process for identifying priorities and setting goals informs operational strategies and budget decisions, and then communicate that plan to all stakeholders.
- 4** develop a long-term facilities plan that shows how capital decisions today are informed by the current condition of existing facilities, projected student enrolment, anticipated changes in land use, and other long-term factors, and then communicate that plan to all stakeholders.
- 5** document milestone dates and key deliverables in budgets, including deadlines and formal assignment of responsibility for completion of each milestone.
- 6** document the authorities and key responsibilities for managing and monitoring budgets.
- 7** regularly report forecasted results compared with actual budget results to the school board (or committee of the board), and provide an accompanying discussion and analysis, as necessary, to fully communicate financial performance and key risks.
- 8** implement more rigorous controls to prevent the initiation of unbudgeted purchases.

RESPONSE FROM THE MINISTRY OF EDUCATION

THE MINISTRY OF Education would like to thank the Auditor General and her staff for the report on Improving Budgeting and Expenditure Management in the K-12 Sector.

Since October 2014, the Ministry of Education has been working with school districts and provincial education partners to develop an improved K-12 Accountability Framework focussed on student learning. The draft Framework for Enhancing Student Learning reflects a public commitment by education partners to work together to continuously improve student learning for each student and to address long-standing differences in performance amongst particular groups of students, most notably Aboriginal students, children in care, and students with special needs.

With a clear focus on the goals of BC's education system (intellectual, human and social, and career development), meaningful and effective planning and communication of evidence, system-wide capacity building, and linkages with other local agreements to support Aboriginal learners, the Framework is an important new provincial structure that will help make local priorities and outcomes for enhancing student learning explicit. With this focus, we believe the Framework will assist school districts in their strategic planning that identifies priorities and sets goals informing local strategic and budgetary decisions and districts' continuous efforts to enhance student learning.

The Ministry accepts the two recommendations in the report directed towards the Ministry, and will work with school districts to implement the six recommendations directed towards them.

Working groups focusing on school district financial health and implementation of the Framework for Enhancing Student Learning will incorporate these recommendations into the work being done to strengthen the financial stewardship roles of Boards of Education.

The Ministry is partnering with the BC School Trustees Association to produce a series of resource guides for trustees to assist them in meeting their financial oversight responsibilities.

The first of these guides-The Guide to Audit Committees for Boards of Education-was distributed to all school trustees on March 15, 2016. The BCSTA will also be providing school trustee professional development opportunities. Additionally, both the BC Association of School Business Officials and the BC School Superintendents Association will continue to provide learning opportunities for their members in the area of financial governance.

School districts are making great efforts to provide the highest quality public education for BC's communities in a fiscally responsible way. The Province is committed to work cooperatively with school districts to the benefits of all students.

BACKGROUND

THE PURPOSE OF British Columbia's public school system is to enable all students in the province to develop their individual potential and to acquire the knowledge, skills and abilities needed to contribute to a healthy society and a prosperous and sustainable economy. In 2015, there were about 535,000 public school students, 81,000 independent school students, and 2,200 home-schooled children enrolled.

Sixty school districts, ranging significantly in the number of students served and size of geographic areas, deliver the education program. In 2015, the Ministry of Education (ministry) provided school districts with \$4.7 billion of education operating funding.

School districts are governed by a publicly elected board of education (usually referred to as a school board). Specific roles and responsibilities are set out under the *School Act*, the *Teachers Act*, the *Library Act*, the *First Nations Education Act*, the *Community Care and Assisted Living Act*, the *Special Accounts Appropriation and Control Act*, and accompanying regulations.

Ministry and school district co-governance roles

In delivering public education, school districts – and the school boards that govern them – are responsible for meeting the goals of the system, focusing primarily on student achievement. The ministry's role is to provide leadership and funding to the education system through governance, legislation, policy and standards. That role also involves co-governing the K–12 education system with the school boards. Under

the co-governance model, the ministry, school boards, and key stakeholders together determine the strategic direction of school districts.

Until this year, the goals of school districts were aligned with the goals of the ministry through Achievement Contracts. Starting with the 2015/16 fiscal year, however, the accountability framework has changed and Achievement Contracts and other related reports are no longer mandated. The intent of this change is to shift from a compliance model to one that allows school boards more flexibility and encourages good planning focused on the most relevant outcomes.

ACHIEVEMENT CONTRACTS

The Achievement Contract is a public statement of commitment by a school board to improve success for each student in the district. Each contract is developed collaboratively, on an evidence-based assessment of the needs and priorities of the students in the district. The contract identifies areas of focus for the improvement of student success, describes strategic actions, and outlines processes to monitor progress and make adjustments intended to improve results.

BACKGROUND

School district budgeting and funding requirements

School district funding is based, for the most part, on the number of students enrolled, with adjustments made for unique student needs and other district-specific factors. School districts prepare two budgets:

- ♦ a preliminary budget before the beginning of the fiscal year, and
- ♦ an amended final budget once September enrolment for the year is known and funding amounts are re-calculated.

A budget is essentially a financial plan. In any organization or sector, the budgeting process is important because budgeting decisions impact the financial health of an entity. A budget determines how funding will be allocated and how services will be delivered. When careful planning informs budgeting, funding decisions are more likely to support the strategies most critical to improving performance and achieving desired outcomes. A sound process for identifying priorities and developing goals provides the foundation for good budgeting decisions.

In the case of the education sector, after budgets are adopted, school boards need to be confident that revenues and expenses will be consistent with those budgets; and that, if deviations and risks emerge, board members will know early enough to be able to adjust course. This confidence can be achieved by having good controls in place and by regularly monitoring performance against budget throughout the year.

By law, school boards in the province are not allowed to budget for or incur an accumulated deficit in their operating and other funds, unless with permission from the Minister of Education. For example, at the end of each fiscal year, operating revenues from all past years must be more than operating expenses from all past years (resulting in an accumulated operating surplus). If a school board incurs an accumulated operating deficit, it will be required to reduce expenses in future years to eliminate the accumulated deficit.

The ministry's monitoring role

The ministry's School District Financial Reporting Branch (branch) monitors school board accountability and performs several budgeting-related duties.

The branch:

- ♦ works with school districts to monitor how their funding allocations are budgeted and spent
- ♦ coordinates, monitors and analyzes school board budgets, financial statements and other financial reporting
- ♦ updates budgeting, accounting and reporting policies and instructions for school districts
- ♦ updates budgeting and accounting reference material to improve school board accountability

BACKGROUND

WHY WE DID THIS AUDIT

Through our ongoing performance and financial audits in the public education system, we have been aware of variations in the quality of budgeting controls and the monitoring of expenditure risks.

Over the past decade, we have also seen several high-profile cases where school districts had budgeted for a modest surplus, but ended the year with significant unplanned accumulated deficits. The outcome of these deficits has included abrupt and unplanned layoffs, other cost-cutting measures that resulted in sudden changes to service delivery, and loss of confidence by the school district community and partner groups.

Past examinations by our Office and other agencies into the cause of such failures point to several common weaknesses:

- ♦ The school boards did not regularly receive reports from senior management on actual performance against budget, or the reports the boards did receive were not always accurate or reliable.
- ♦ Controls for monitoring overspending were not sufficient, resulting in overspending not being identified in a timely manner.
- ♦ Insufficient controls over hiring, resulting in staffing costs exceeding budget.
- ♦ Those individuals with budget responsibility did not have the right information (such as how much budget room remained) when making expenditure decisions, or their responsibilities were not clear.

- ♦ Deficient planning meant that growing fiscal pressures were not seen or understood and, therefore were not managed or budgeted for.

We therefore decided to carry out this audit to identify where good practices exist, and identify areas for improvement in budgeting and expenditure management that all school districts can learn from to avoid surprise deficits.

AUDIT SCOPE AND OBJECTIVES

WE CONDUCTED THIS audit to examine the processes and practices used by school districts to develop plans and budgets, and to monitor and control expenditures for a sample of school districts. We also examined whether the Ministry of Education is adequately monitoring and providing guidance to school districts in budgeting and expenditure management.

Specifically, we looked at whether school districts:

1. followed good practice in the development and communication of strategic plans,
2. followed good practice in the development of budgets,
3. regularly monitored and reported actual and forecasted results in comparison with budgets, and
4. had appropriate processes in place to prevent expenditures that were not in accordance with approved budgets.

While we examined the design and existence of these processes and controls, we did not conclude on their overall effectiveness (for example, we did not evaluate the quality of strategic planning or the decisions made).

We focused on a sample of four, chosen for the range of budget size and geographical area they represent:

- ♦ School District No. 8 – Kootenay Lake
- ♦ School District No. 38 – Richmond
- ♦ School District No. 61 – Greater Victoria
- ♦ School District No. 68 – Nanaimo-Ladysmith

We present results in this report for the sample as a whole, not by individual district (although we also provided each of the four districts with more detailed findings and recommendations about where their practices can be improved). During the clearance phase of the audit, we also consulted with others in the public education system on the relevance of our findings and the suitability of our recommendations.

While this was not an audit of the entire public education sector, we believe that many of the observations from the four school districts are applicable to other school districts. We also believe that this report will serve as a guide to good practice that all the districts can learn and benefit from.

Our audit work was completed between October 2014 and July 2015. We agreed on our findings with the audited entities and the ministry during the fall of 2015.

We developed our audit objectives and criteria based on review of good practice guidance and on advice received from the Ministry of Education and several subject-matter experts working directly in the school district sector. In Appendix A, we summarize the principles of good practice and include references to other sources of good practice.

AUDIT SCOPE AND OBJECTIVES

We conducted the audit in accordance with the standards for assurance engagements set out by the Chartered Professional Accountants of Canada (CPA) in the *CPA Handbook – Assurance and Value-for-Money Auditing in the Public Sector*, Section PS 5400, and under the authority of Section 11 (8) of the *Auditor General Act*.

AUDIT CONCLUSION

OVERALL, SCHOOL DISTRICTS are following many of the good practices we expected in developing budgets and monitoring and approving expenditures. However, three main improvements are needed:

- ♦ better development and communication of strategic plans, and the linkage to budgeting;
- ♦ better reporting to school boards of financial performance relative to budget; and
- ♦ stronger budgetary and expenditure controls, including expenditure initiation.

The ministry is actively monitoring and providing guidance to, school district boards and management, but the sector would benefit from further ministry support in a number of areas, including how better to align district strategic plans with ministry strategic priorities.

KEY FINDINGS

SCHOOL DISTRICTS CAN IMPROVE THEIR BUDGETING AND EXPENDITURE PROCESSES AND PRACTICES

Development and communication of strategic plans

The foundation for good budgeting decisions is a sound process for identifying priorities, developing goals, and setting these out in well-designed, well-informed strategic and operational plans. A budget that is linked with strategies to achieve goals improves the chances of realizing the desired outcomes.

An important part of a strategic framework is a long-term facilities plan. Such a plan is critical to ensuring not only that school facilities are used efficiently now, to minimize the cost of service delivery, but also that they are maintained and, as necessary, improved, to meet future school district needs. Without a long-term outlook, there is a risk of cost pressures that might have been anticipated (and therefore avoided) emerging and leading to budget problems.

An effective long-term facilities plan should demonstrate how capital decisions made today are based on the current condition of existing facilities, projected student enrolment, anticipated changes in land use, and other long-term factors.

What we found

We found that the school districts we audited were monitoring enrolment projections and consulting with stakeholders as part of the budget process. As well, the school boards generally appeared to understand the opportunities and challenges facing their district, and had focused their budgeting on student achievement and on what was needed at the school level.

However, the practice of developing and communicating a strategic plan was inconsistent. One school district in our sample had adopted and communicated a formal strategic plan; two had developed goals and strategies that were communicated in various documents; and one had not developed any goals and strategies beyond those in its Achievement Contract with the ministry.

Only two of the school districts had developed a long-term facilities plan, although the other two are developing plans now.

Views differed among the districts about the importance of strategic planning in shaping budgeting decisions:

- Limited funding, combined with pre-defined basic requirements (such as for legislated class size), means that discretion exists for only a small portion of the overall budget. As a result, some districts felt that a broader strategic planning process is of little benefit beyond the historical requirement to develop annual Achievement Contracts with the ministry (see [sidebar](#)).

KEY FINDINGS

- ♦ Other districts, however, did view strategic planning as adding value, and they were able to demonstrate how their strategies linked to decisions that ultimately affected the budget.

Reporting and otherwise communicating the linkages between goals, strategies and resourcing decisions was an area of weakness for all districts.

Beginning in the 2015/16 school year, the accountability framework for school districts is changing (see sidebar). The aim is to improve sector planning by enabling districts to shift from a compliance focus to a focus on achievement of the most meaningful and relevant outcomes. This new accountability framework is an opportunity for districts to work with their local education partners in developing meaningful goals and strategies for enhancing student learning, and can help inform related resourcing decisions to budgeting.

RECOMMENDATION 3: *We recommend that, where applicable, every school district develop a strategic plan that shows how the process for identifying priorities and setting goals informs operational strategies and budget decisions, and then communicate that plan to all stakeholders.*

RECOMMENDATION 4: *We recommend that, where applicable, every school district develop a long-term facilities plan that shows how capital decisions today are informed by the current condition of existing facilities, projected student enrolment, anticipated changes in land use, and other long-term factors, and then communicate that plan to all stakeholders.*

PLANNING AND BUDGET DECISIONS ARE BETTER SUPPORTED IN A HEALTHY CULTURE

Nurturing the right culture to support strategic planning is also an important condition for success. In our experience, a good working partnership between the financial and instructional leaders leads to a more collaborative process. This collaboration increases the likelihood that school district budgeting decisions will be supported, because it will be felt that those decisions were informed by an effective planning process that reflects an understanding of what is most important for educational outcomes in the context of existing resources.

Development of budgets

The main objective of developing a school district budget is to optimize student performance outcomes using available resources.

Although many of the costs in a school district are fixed, the budget must still be carefully prepared, controlled and analyzed to ensure that the top priorities are funded to the extent possible. This means that the people who are involved in the budgeting process should clearly understand their roles, the significant cost drivers, and the strategies, options and assumptions that are inputs to the process. The budget itself must be well structured and internally consistent, and must reflect the key risks identified by the school district and the strategies for managing those.

KEY FINDINGS

In the end, an effective budget should be both a strategic financial plan and an accountability document that will guide the district in:

- ♦ deciding how it will deliver on its learning priorities and how it will measure success
- ♦ communicating key decisions to its stakeholders
- ♦ dealing with new priorities and risks that emerge

What we found

We found that all four school districts in our sample followed a stakeholder engagement process when developing their budgets, and communicated significant budget-related decisions to stakeholders. All sampled school districts also had a budget calendar outlining stakeholder meetings, and key deliverables and milestone dates for the planning cycle.

Some of the sampled districts had documented their milestones in detail (including internal deliverables related to components of the budget) and clearly assigned tasks and deadlines to specific people.

Other districts in our sample, however, had not documented the process beyond the budget calendar, opting instead to rely on experienced staff who knew when tasks needed to be completed. This approach poses several risks. When responsibilities and deliverables are not formalized, decision-making authority may not be clear; the budgeting process may be reactive, not proactive; and important milestones may be missed. Also, when experienced staff leave, new staff may not be aware of important aspects of the budgeting process.

THE PROVINCE IS SHIFTING TO A NEW ACCOUNTABILITY FRAMEWORK FOR PUBLIC EDUCATION

In 2015, amendments to the *School Act* included changes to the accountability framework for BC's public education system. Up until that time, school districts had been required to produce a series of annual reports to show accountability for student achievement at the school district and school levels (Annual School Plans, Achievement Contracts, Superintendent's Reports on Student Achievement, and District Literacy Plans). The fixed processes of this approach to accountability will now be replaced with more targeted, co-constructed approaches to enhancing the system-wide focus on student learning.

The new approach is expected to improve the quality of strategic planning and accountability by enabling school districts to: have greater flexibility to do what makes sense locally; broaden the scope of planning; seek greater input from the community and partners; and increase the focus on the outcomes most relevant to them.

The ministry is now working with school districts and partner groups to develop the new accountability framework. Planning activities in 2016 will reflect the transitional nature of the move from the old framework to the new one, with full implementation expected in the 2016/17 school year.

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The major revenue driver for school districts each year is the projected student enrolment (counted as “full-time equivalents” [FTEs]), because provincial funding is calculated largely on a per-pupil basis. Student enrolment in turn influences school staffing needs (also counted as FTEs) and salary composition – together being the major expense driver for school districts.

As we expected, evaluating enrolment projections and staff FTE and salary composition was the most significant part of the budget process at all four school districts.

A small component (generally less than 1%) of the total funding a school district receives each year from the ministry is an unallocated contingency (referred to as the holdback). We found that all four of the districts in our sample took the conservative approach of not including this revenue in the year’s budget. Instead, they used it to increase budget room in following years. This approach reduces the risk of deviation from the budget if the holdback is not received.

RECOMMENDATION 5: *We recommend that, where applicable, every school district document milestone dates and key deliverables in budgets, including deadlines and formal assignment of responsibility for completion of each milestone.*

Monitoring and reporting of actual results compared with the budget’s planned results

Carefully developed budgets based on well-designed strategic plans are the foundations for achieving school district goals. Effective monitoring of budget expenditures, together with timely reporting to key stakeholders on spending activity, helps ensure the goals are reached.

We therefore expected the school districts we audited to have:

- ♦ ensured that staff involved with budget compliance, monitoring and reporting clearly understood their roles and responsibilities and were appropriately trained and supervised
- ♦ put processes in place to ensure that:
 - actual spending was periodically compared with planned spending, and actual variances compared with plan figures
 - emerging risks relevant to forecasted spending were documented and reported to executive management
- ♦ in a timely way, approved decisions requiring amendments to budgets or plans and informed key stakeholders of those decisions

What we found

In most cases, we found that, for each component of the budget (such as by department or school), accountability for managing budget compliance and monitoring actual costs was appropriate and aligned with spending authority. “Alignment with spending

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authority” means that the person who is accountable for budget monitoring and compliance also has the authority to approve spending from that budget. Where this is not the case, there is an increased risk that spending could be approved without regard to the budget. When the person approving spending is also accountable for ensuring budget compliance, spending is more likely to stay within the budget.

Those responsible for managing a budget – a budget manager¹ – understood that they were accountable for that budget. However, we noted inconsistencies within some districts in their formal description of the authority and responsibilities of the budget manager. This creates the risk that monitoring and reporting will not be carried out consistently. It also means that the scope of the budget manager’s authority for decision-making is not clear; and that new staff in the role may not fully understand what their responsibilities are.

In our discussions with districts, we acknowledged that the risks associated with not formally documenting authority and responsibilities depended on the degree of centralized monitoring and control over expenditures used by each district. However, “decentralized control” means the district is more reliant on budget managers to ensure the district stays within budget and that the right decisions are being made. This makes role clarity even more important. Examples of centralized control are discussed in the next section.

¹ For the purpose of this report, we define a budget manager as someone who has responsibility for a component of the overall budget. In a school district, this would typically be a principal or department head.

At all four school districts, we also found that budget managers and district finance staff were monitoring performance against budget and could access current information on actual costs compared with budget. Doing this ensures that spending decisions are informed by an understanding of how much budget room is remaining, and that budgetary issues are identified as soon as possible. In one school district, we noted that consolidation of information into a monthly report of actual spending compared with budget (and of forecast spending to the end of the year) was being done in a cumbersome manual process. In the other three districts, such a report could be generated automatically by the accounting system when required.

All the school districts were reporting performance against budget to the board, or a committee of the board, on a set schedule. Two of the districts reported monthly, and all reported at least on a quarterly basis (once annual enrolment and funding were confirmed). Regularly reporting performance against budget is good practice, but we did note some aspects of reporting that could be improved.

At one school district, actual results compared with budget were presented to the board, but forecasted revenues and expenses to the end of the year were not. Forecasted results reflect actual results to date, plus what is expected to occur for the remainder of the fiscal year. This is important to know because revenues and expenses do not occur evenly throughout a fiscal year. For example, during the summer when school is out, costs are higher for maintaining and upgrading facilities (while students are away) and lower for salary and other costs associated with the delivery of

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educational programs. This means that the comparison of budget with actual costs is alone insufficient for understanding how a school district is performing, and it increases the risk that budgeting pressures are not being understood or communicated.

At three of the school districts, budget variances and risk information were explained verbally, and not documented in budget reports to the board. Good practice is to include a discussion and analysis explaining what the results mean and where current and emerging risks exist. That way, board members are informed of key matters before the meeting and have time to better understand what the results mean and consider what questions to ask or views to express when the meeting does occur.

At all the school districts, significant changes to spending plans relative to the approved budget were taken to the board for discussion and approval. Those changes were communicated to stakeholders, internal and external to the school district, usually through public board meetings. Whether an issue is significant enough to raise with the board or not is a matter of judgement, and depends on the amount of money involved as well as on the matter's sensitivity or program impact. We encourage all school boards to share with management their views on significance.

RECOMMENDATION 6: *We recommend that, where applicable, every school district document the authorities and key responsibilities for managing and monitoring budgets.*

RECOMMENDATION 7: *We recommend that, where applicable, every school district regularly report forecasted results compared with actual budget results to the school board (or committee of the board), and provide an accompanying discussion and analysis, as necessary, to fully communicate financial performance and key risks.*

Prevention of unauthorized expenditures

School district financial management in the province may be very decentralized. In some cases, spending and monitoring are done by the schools themselves, rather than through the finance department of the district. Although this approach has benefits, it also creates a risk that certain expenditure transactions, such as hiring and contracting, could be initiated when they are not budgeted for.

To manage this risk, we expected to see appropriate controls in place over expenditure initiation and processing, aimed at preventing or detecting certain types of activities, such as unbudgeted hiring, contracting, or purchasing.

What we found

We found that all four school districts in our audit had appropriate controls over matters having significant budgetary impact, such as hiring of staff and approval of contracts.

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However, three of the districts did not have appropriate controls for preventing the initiation of purchase transactions when there was not enough budget room. Instead, these districts relied on budget managers to do that. Finance staff in the school district head office monitor expenditures against the budget and are able to detect instances of non-compliance – though only after the fact.

In one district, finance staff reviewed all purchase orders and confirmed that sufficient budget was present before approving initiation of any purchase. Such a control to prevent overspending is more effective than monitoring alone, because it reduces the risk of non-compliant transactions occurring in the first place. (We have noted in other organizations outside the education sector that control over purchases can be embedded in the accounting system such that the system blocks a purchase initiation when budget room is insufficient.)

Relying on school budget managers to ensure purchases stay within budget is an example of a decentralized control. It means that responsibility for applying the control is delegated to many different people (all those budget managers) – not to just a few as occurs in a centralized system. And this means there is greater risk that the control will not be applied consistently, which can reduce its effectiveness. As we noted before, this risk could be lessened by ensuring that the school districts formally document the responsibilities and authority of all budget managers.

Training, performance management and other means of ensuring consistency within job positions are also especially important when an organization relies on decentralized controls.

We found that all four school districts had appropriate controls over expenditure processing, and over transfers between budget lines at the program level (and, in particular, for restricted funding). These controls reduce the risk that the budget in a system can be changed after the budget has been approved.

In all cases, we also found appropriate segregation of incompatible duties related to expenditure processing and budget functions. Segregation of duties means different people are made responsible for carrying out specific elements of financial activities, rather than the same person being permitted to do them all. This is important because it helps ensure that the systems of internal control and financial oversight cannot be bypassed by a single person either in error or with fraudulent intent.

RECOMMENDATION 8: *We recommend that, where applicable, every school district implement more rigorous controls to prevent the initiation of unbudgeted purchases.*

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Overall, the ministry is adequately monitoring and providing guidance to school districts, but could make improvements

The ministry provides school districts with guidance and instructions on preparing a budget. Then the ministry monitors the budgets, quarterly reporting, financial statements and related information, and identifies school districts at risk of non-compliance with budget requirements. As well, ministry staff perform additional monitoring and compliance work for special-purpose funding and FTE enrolment figures reported.

If a school district is found to be in non-compliance or is having administrative difficulties in discharging its management duties, the ministry will intervene if necessary. And if a district incurs an accumulated deficit, the ministry will ask the board for a plan to recover the deficit, and will monitor that recovery. In some deficit circumstances, the ministry may also assign special advisors to help school districts recover. In very rare circumstances, it may even dismiss the school board.

Because responsibility for financial management is delegated to school boards, the ministry does not monitor or oversee the quality of budgeting or other financial processes at the school district level. If there are issues, the ministry may opt to intervene, but ultimately it is the board that is responsible for ensuring that processes at the school district level are sound.

What we found

The ministry and school boards are, in effect, co-governing the public education system. Thus, while strategic planning in a school district should reflect the needs and interests of the local community, it should also align with the ministry's strategic priorities. We concluded from our audit that the ministry could provide additional support and direction to school districts in developing strategic plans that inform budget decision-making. For example, the reporting of actual performance compared with planned performance (though not within the scope of this audit) is a natural extension of the planning process, and we believe it is integral to any guidance and support provided.

RECOMMENDATION 1: *We recommend that the Ministry of Education provide school districts with guidance, support and expectations for developing and communicating strategic plans that demonstrate how the priorities identified and goals set inform both operational strategies and budget decisions.*

RECOMMENDATION 2: *We recommend that the Ministry of Education provide school districts with guidance, support and expectations for documenting and communicating the actual results achieved compared to the budget and the goals developed during the strategic planning process.*

APPENDIX A:

20 QUESTIONS FOR SCHOOL BOARDS TO ASK ABOUT BUDGET DEVELOPMENT AND EXPENDITURE MONITORING

THIS IS A summary of the good practice principles and elements of budgeting and expenditure monitoring we used to develop our objectives and the criteria we used to assess the school districts. School boards may find this useful as a self-assessment tool to gauge the state of their practices, and areas where improvements may be needed.

1. Is our school district effectively monitoring the needs of the community and changes in our environment?
2. How well have we identified our opportunities and challenges in delivering on our mission?
3. Have we developed the right blend of goals and strategies to be successful?
4. Are we engaging our stakeholders effectively in our strategic planning efforts?
5. Have we properly approved, communicated and adopted our Strategic Plan?
6. Do we have a sound process for preparing and adopting our annual budget, including stakeholder consultations?
7. Have we developed detailed operational plans and evaluated our financial risks and options?
8. Have we made and communicated our required budgeting decisions?
9. Has management demonstrated that our budget is a consolidation of all approved responsibility centre budgets?
10. Are we clear about the roles and responsibilities for the budgeting process?
11. Can we demonstrate that management and finance staff have received adequate training, are competent, and set up to succeed? Is their performance appropriately monitored?
12. Are we getting timely, reliable information on spending compared to plans?
13. Are we getting timely and reliable information on actual and forecasted costs, including spending pressure points?
14. Are we getting budget reports in advance of meetings that help us monitor management's financial performance?
15. Are we set up to make timely decisions to adjust operational and capital spending plans as required?
16. Are we effectively engaging and communicating with our stakeholders about our budget performance and rationale for changes?
17. Can management demonstrate that the information provided on actual costs is accurate and reflects the most recent transactions?
18. Do we have confidence that the controls over expenditures, especially areas with the highest budgetary impact, such as salaries, are adequate and effective?
19. Are we comfortable with the current checks and balances to limit expenditure authorities, with the right balance of control and flexibility?
20. Can management demonstrate to us that there is adequate segregation of duties in the district to reduce the chance of fraud and errors?



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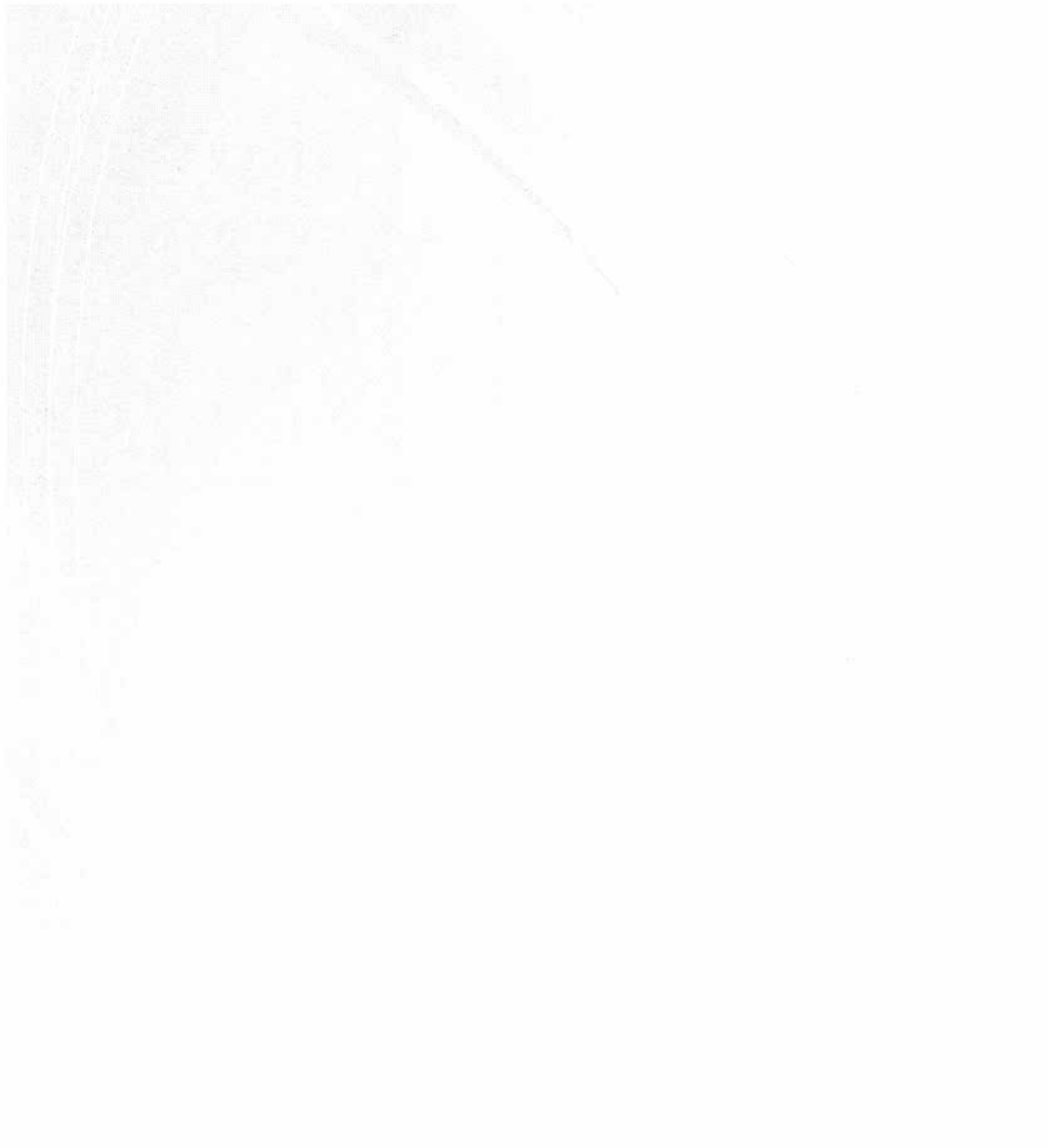
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**Questions that Audit Committees,
Finance Committees,
or Boards of Education
should be asking**

Questions that Audit Committees, Finance Committees or Boards of Education should be asking

One of the major responsibilities of Boards of Education is to ensure proper financial oversight for their school district. In order to accomplish this task, trustees must work in cooperation with district staff, but they must also ensure they are providing oversight of the work performed by senior staff.

In order to perform this task appropriately, a board must be able to ask the appropriate questions needed for trustees to fully understand the financial construct of the district and the decisions that are being made. Depending on the background of trustees, the board may also wish to utilize independent professionals as a source of expertise when reviewing the submissions of district staff. It is critical that boards do not rely solely on district staff to provide the insights and conclusions as to the district's financial health and adherence to appropriate processes.

That being said, a board must also work in cooperation with senior district staff. The questions outlined in this report are only suggestions. There may be other similar questions or processes that also address the board's responsibility for financial oversight within the school district's local context.

Answering such questions can also be a time consuming process for staff. A board will want to consider the overall workload of senior district staff, the timing of the questions, the length of time provided for an appropriate response, and how the board will meaningfully review what may be a considerable amount of information. In short, asking the questions is only one small part of the process if it is to be done properly. We suggest that the board and senior staff jointly plan the process, with the board retaining the right to make the final decisions.

Finally, it must be emphasized that this document is provided as a resource only. Boards and school districts are not bound to use the questions provided and may choose to address their responsibilities through other means. BCSTA respects the local autonomy of boards of education, while seeking to support them whenever possible.

For further information, please contact BCSTA directly.

Questions that Audit Committees, Finance Committees or Boards of Education should be asking

Listed below are some questions that a Board audit committee can ask to help ensure they are appropriately providing fulsome fiscal oversight for their school district.

Some suggested questions to ask your Auditor include:

1. What were the objectives of your audit?
2. Which areas did you emphasize in your audit? Why?
3. To what extent did you assess the school district's system of internal control?
4. How did any recent actions by the school district, such as restructurings, changes of strategy, changes in financing arrangements, or other unusual transactions, affect your audit or your report?
5. How did your audit address the district's computer systems and applications?
6. How did you coordinate your work with the district's staff?
7. Did you visit any district location other than the central office this year? If so, how did you determine which locations to visit and when?
8. What are your responsibilities with regard to detecting material errors, fraud and illegal acts?
9. Did the actual scope of the audit differ from pre-audit plans? Why?
10. Did management impede, restrict or limit the scope of the audit in any way?
11. Did management cooperate during the course of the audit and were you provided with appropriate access to management?

Questions you could ask your District Management team:

1. How does the school district invest excess funds, and what is its investment philosophy regarding yield and risk?
2. How does the average age of accounts receivable at year-end compare with the preceding year?
3. How is the allowance for doubtful accounts determined? Is the collectibles of any large individual amount in question?
4. Are any significant or unusual amounts due from officers or employees of the school district?
5. How does the net book value of assets compare to historical cost? Is there a workable plan in place to replace aging assets?

Questions to be asked either to your Auditors and/or Management team:

1. What are the school district's financial reporting requirements, and what is the expected timetable for meeting them?
2. Did any accounting policies change significantly this year? What was the effect of the change?
3. Do significant accounting policies continue to be appropriate? Are the assumptions underlying them still valid?
4. Were there any disagreements between management and the auditors on accounting methods or principles? Were they satisfactorily resolved?
5. How do management and the auditor assess materiality of potential misstatements?
6. Points of focus.
 - a) Quantitative factors.
 - b) Considerations relating to individual vs. aggregate misstatements – key line items.
 - c) Consideration of whether authoritative literature exists supporting the accounting in question.

7. Were significant adjustments made to the financial statements as a result of the audit?
8. Does the school district have in place the appropriate financial accounting and reporting processes necessary to allow the Board of Education and senior staff to plan appropriately?
9. In connection with the auditor's summary of uncorrected misstatements, are there significant matters we should discuss.
10. Points of focus
 - a) Nature and magnitude of items and how they arose.
 - b) Types of differences (i.e. known or "hard" errors vs. differences in estimates between management and auditor).
 - c) Noticeable trends, such as recurring items from year to year, bias to overstatement, understatement.
 - d) Areas of disagreement, such as where management considers it's accounting to be correct and in accordance with GAAP and specific accounting policies communicated by Government.
 - e) Intentional misstatements.
 - f) Management's rationale for not recording (e.g. high cost to correct)
 - g) Management's and auditor's rationales for concluding items are immaterial.
 - h) Items with potential to be material in the future.
 - i) Management's plans to eliminate or minimize items and misstatements.
 - j) Unresolved recommendations from the audit or internal control weaknesses.
11. How do the financial statements and underlying accounting compare with the prior year in terms of consistency?
12. Have there been major business transactions or events requiring significant accounting judgements as to financial statement accounting and disclosure?

13. Points of Focus
- a) Unusual or complex transactions.
 - b) Litigation – asserted and un-asserted claims.
 - c) Non-compliance with laws and regulations.
 - d) Related party transactions.
14. Were other significant accounting decisions made in the current year? Are alternative accounting practices being proposed or considered that should be brought to the committee's attention?
15. Points of Focus
- a) Significant reserves established or reversed
 - b) Large or unusual deferral of costs or accrual of liabilities
 - c) Decisions regarding the proper classification of items, such as operating vs. non-operating, ongoing vs. discontinued operations
 - d) Gross vs. net presentations on the statement of operations
 - e) Adjustments related to prior periods
 - f) Changes in accounting policy, such as for revenue recognition
 - g) Changes in accounting methods
 - h) Changes in accounting estimates or underlying assumptions.
16. Were there serious problems in preparing the financial statements?
17. Points of focus
- a) Internal control problems
 - b) Systems problems
 - c) Insufficient staff or staff turnover in the financial function
18. How does the jurisdiction communicate with the general public? What does it do to ensure the quality of these communications?
19. Have outside parties voiced concern about the jurisdiction's accounting practices?
20. Are there any other matters that should be disclosed regarding the quality of financial reporting?



BRITISH COLUMBIA SCHOOL TRUSTEES ASSOCIATION

Considerations arising from the
Special Advisor's Report
on School District No. 83 (North Okanagan - Shuswap)

June 24, 2016
Page **1** of **16**

Considerations for Boards of Education

The recent appointment of a Special Advisor to review the governance practices of School District No. 83 (North Okanagan Shuswap) and subsequent firing of the board of education, while troubling, provides all boards with a broad listing of considerations. We acknowledge that the board and staff in School District No. 83 may not agree with all of the findings and recommendations leveled by the Advisor. There may, however, be important points to be reviewed and discussed by all other school districts in B.C.

Additionally, BCSTA recognizes the limitations of the terms of reference for the Special Advisor's review. There may be other factors beyond the control of the school district's board and senior staff that were not reviewed or identified within the Advisor's report.

The creation of this resource guide should not be construed as BCSTA support for firing of the board in School District No. 83; nor as agreement with any of the specific findings and recommendations of the Special Advisor.

The following information, taken primarily from the Special Advisor's Report of June 3, 2016 to the Minister of Education, is intended to facilitate discussions at the board and senior staff level in other school districts. Trustees and staff members may also wish to review the Advisor's report in full for a complete overview of the findings and recommendations.

We suggest that boards and senior staff work together in the review and discussion of the information that follows. You may also wish to consider the following questions when you begin the review process:

What are the quality of the governance processes in our school district?

Can we identify the specific strengths, weaknesses and gaps in our governance processes?

Do any of the concerns raised in the Special Advisor's Report apply to our school district and board?

What steps must we take to ensure the types of issues and concerns identified in the Special Advisor's Report are not present in our school district?

How might we take into consideration the recommendations found in this report along with the information found in other review reports by the Auditor General and Comptroller General?

What other questions do we need consider within our own local context?

EXECUTIVE SUMMARY OF THE SPECIAL ADVISOR'S REPORT

Pursuant to an appointment made by the Ministry of Education on April 20, 2016, a review of the governance practices at North Okanagan Shuswap School District (District No. 83) was completed. Under appointment as Special Advisor to the Ministry, their role was to:

- evaluate the governance practices of the District's Board of Education (Board); and
- evaluate the Board's capacity in respect of financial matters and effective fiscal management.

Summary of Key Findings

This review arose from concerns raised in the District as a result of the recently constructed District office.

Several deep, underlying factors were identified as contributing to the current turmoil, including:

- lack of a strong governance framework for the District;
- lack of clarity as to the role of the Board and individual Trustees;
- lack of sufficient skills and experience among Trustees to provide strategic, operational, and financial oversight;
- absence of a long-term strategy and vision, making the decision-making process more challenging in the absence of a set of guiding principles;
- a strongly held view by interviewees that individual Trustees often put the needs of the region they represent, and who elect them, before the needs of the District as a whole;
- a complete absence of financial expertise on the Board, and a very minimal level of financial literacy, which has contributed to poor understanding by the Board of financial results and activities;
- a lack of trust amongst Trustees, and an eroding level of trust that some Trustees have in the information and recommendations brought forward by senior management;
- lack of trust by stakeholders and the broader community in the Trustees;
- a view held by key stakeholder groups (including NOSTA, CUPE, DPAC and parents) that there is actual or perceived lack of consultation with vested parties on key decisions;
- lack of perceived transparency by the Board which is compounded by the number of in camera meetings coupled with insufficient time and mechanisms to respond to the public's questions and other related factors;

- no formal evaluation processes for the Board or Trustees nor any formal performance management processes (goal setting and evaluation) for the Superintendent and Secretary Treasurer; and
- a lack of comprehensive approach to governance education for Trustees and senior management.

Summary of Key Recommendations

The Special Advisor made a number of recommendations to 'help lay a more solid foundation to strengthen governance practices at the District in the future'.

They first recommended that the Board be dissolved with a Ministry-appointed trustee appointed in its place, and that the trustee hold office until the next regularly scheduled election of school board trustees for the District in the fall of 2018.

Second, they recommended that the Ministry-appointed trustee complete a formal evaluation of the Superintendent's performance over the next six months.

Third, and prior to the next election, they recommended that the current number of Trustees, along with the regions they represent, be revisited with a goal of reducing the number of Trustees, and rebalancing the regional representation to better reflect population in the District.

Other key recommendations contained within the report included the following:

1) Strategic Planning and Performance Management

- Develop and implement a new strategic plan coupled with a comprehensive risk assessment and implementation of an enterprise risk management program.
- Adopt a Board and Trustee performance evaluation process.
- Implement a formal performance management process (including establishing goals, and conducting a formal performance review) for the Superintendent, which would also extend to other members of central staff including the Secretary Treasurer.

2) Skills and Expertise

- Develop formal terms of reference for the Board and Trustees and enhanced governance training.
- Ensure that the Board has necessary financial expertise, notwithstanding the important role that the Secretary Treasurer plays in supporting the Board in delivering on its responsibilities.

- Formalize an Audit and Finance Committee, including the necessity that at least one member of this Committee be a "financial expert".

3) Consultation and Enhanced Transparency

- With the new Board, take steps to have the Board and management discuss and agree on the expectations of how they will work together and the process for assigning work to management.
- Review the District's consultation strategy to ensure it is, and is perceived to be, open, engaging, and conducted prior to decisions being made.
- Ensure greater openness and transparency of Board business (e.g., conduct of Board meetings, distribution of meeting materials, protocol for responding to questions, and enhanced disclosures on the District's website including attendance records).

4) Financial Oversight and Supporting Framework of Policies and Procedures

- Enhance the budgeting processes to ensure the Board has a higher level picture of the combined operating and capital budgets, along with a greater understanding of the budget's sensitivities and risks.
- Provide more frequent reporting and analysis of actual financial results during the year.
- Establish a "Surplus Policy", including a provision that any inter-fund transfers be formally approved by the Board.
- Implement a more formal control framework, including policies and procedures, a delegation of authority, and an internal audit function.
- Incorporate an annual sign-off by Trustees on the Code of Conduct.
- Implement a Conflict of Interest Policy and a Whistleblower Policy, along with consideration of the Taxpayer Accountability Principles.

The complete listing of recommendations by the Special Advisor (in addition to the recommendation that the current board be fired), including some notes regarding timing and implementation strategies, follows below.

The recommendations have been changed slightly to reference 'the district' (rather than SD No. 83 specifically) so as to read easier in terms of consideration for other boards of education.

LIST OF RECOMMENDATIONS – Considerations for Boards of Education

RECOMENDATIONS
<p>#2 Simplify Regional Representation and Reduce the Number of Trustees</p> <p>We recommend that the current regional representation model be retained but simplified and that the allocation of Trustees be revised to better reflect population within the region.</p> <p>We recommend that the number of Trustees be reduced to five or seven.</p> <p>This recommendation should be addressed and implemented in advance of the next election (2018). The effectiveness of the revised Board composition and Board size should be reviewed and assessed within six years after that election and fine-tuned if needed.</p>
<p>ALIGNMENT OF VISION AND GOALS</p> <p>#3 Develop a Strategic Plan</p> <p>The District should undertake a strategic planning process that culminates in the development of a more specific vision and a long-term (e.g., three to five years) strategic plan. Management should have responsibility for developing the plan under the direction of the Board.</p> <p>Specifically, the Trustees should:</p> <ul style="list-style-type: none"> • provide direction to management on their long-term vision and expected direction for the District; • review and provide feedback on the draft plan prepared by management; and • formally approve the final plan. <p>The final plan should include measurement criteria to help assess progress in its implementation, and management should be charged with providing regular status updates to the Board on activities taken to address the plan.</p> <p>Finally, the renewed vision and strategic plan should be a guiding force in the development of the annual budget.</p>
<p>#4 Risk Assessment</p> <p>It is recommended that initially, the District complete a comprehensive risk assessment, including an understanding of risk mitigation activities in place. Over a longer period of time (e.g., three to five years), more advanced Enterprise Risk Management (ERM) practices should be adopted.</p>

RECOMENDATIONS	
CONSTRUCTIVE RELATIONSHIPS AND TRANSPARENCY	
#5	<p>Set Mutual Expectations</p> <p>As between the future Board and management, we believe they would benefit from a discussion on their respective roles and responsibilities and their expectations as between themselves (i.e., among Trustees and among management) and of each other (i.e., the Board's expectations of management and management's expectations of the Board).</p>
#6	<p>Consultation Strategy</p> <p>Another important relationship is between the District and stakeholders.</p> <p>The District should revisit its consultation strategy to ensure that it is, and is perceived to be, open, engaging, and conducted before decisions are made.</p>
#7	<p>Define the Process for Assigning work to Management</p> <p>One of the elements of establishing constructive relationships is to have a respectful and agreed-upon process to engage, provide information and answer questions.</p> <p>A process should be established for the receipt of Board and stakeholder requests to management for information and analysis, the prioritization of those requests, and the reporting back by management to the Board and stakeholders on the responses to requests/questions.</p>
#8	<p>Board meetings</p> <p>Unless there is a clearly sensitive matter for discussion involving only the Trustees (e.g., staff performance evaluations, potential litigation, Board governance assessments), Board business should be conducted in a public setting.</p>
#9	<p>Meeting Material</p> <p>Meeting agendas and material are often not available until the day before, or at the Board meeting. While there will be occasions where agendas and material may not be ready in advance, best efforts should be made to have Board agendas and meeting material available for public viewing at least three to four days in advance of each meeting. In addition, sufficient hard copies of material should be available for distribution at meetings.</p>

RECOMENDATIONS

#10 Protocol for Questions from the Floor

Recent Board meetings have been well attended, and many questions have been asked from constituents. We understand the Trustees have not always responded directly to those questions, and that on occasion insensitive comments/reactions may have been made. Protocol should be established to ensure that all questions are responded to fully and with proper intent.

At times, meeting timelines may not always allow for sufficient time to properly respond to all questions. In these situations, alternate mechanisms should be established to ensure adequate responses are provided in response to the public's questions.

#11 Attendance Records

Voters expect that the candidates they elect to represent them are committed to the job and prepared to put the time and energy into preparing for and attending Board and committee meetings. One measure of transparency that can be provided to the public is to disclose Board member attendance records, a practice which has been commonly adopted by many public institutions. We recommend that the District maintain Board attendance records for each Trustee and that these be posted on the District's website.

#12 Website

Opportunities exist to enhance current disclosures on the website in order to provide more transparency. Efforts should be taken to identify information that should be disclosed, compare this to what is disclosed, and then provide that additional information. Currently, the District provides a copy of its Policy Manual (which includes the Governance Policies), upcoming Board meeting dates, with agendas and meeting material and Board minutes. Potential additional information which should be considered for disclosure on the website includes, but is not limited to:

- Trustee and management backgrounds;
- Board Code of Conduct and Conflict of Interest guidelines;
- Superintendent and Secretary Treasurer job descriptions;
- Board and Committee Terms of Reference and memberships;
- Expanded Board governance policies, including meeting practices;
- Quarterly financial reports; and
- Trustee attendance records.

RECOMENDATIONS
ROLES AND RESPONSIBILITIES
<p>#13 Role of Trustees</p> <p>The Ministry should provide more clarity on its expectations for the role of a Trustee (including explicitly addressing whether the role is primarily one of providing input on program delivery, or more broadly around overseeing all aspects of a school district's strategic, financial, and operational initiatives).</p> <p>These expectations should be codified and communicated, with education and tools in place to support Trustees in executing against these expectations.</p> <p>Candidates running for election as a Trustee should explicitly acknowledge their understanding of the associated roles and responsibilities.</p>
<p>#14 Mandatory Orientation</p> <p>Mandatory orientation training should be delivered to all Trustees (newly elected and re-elected) that specifically addresses the responsibilities for Trustees, along with methods to help them successfully operate against those expectations. The training should encompass at a minimum, the following components:</p> <ul style="list-style-type: none"> a. governance good practices and expectations; b. financial literacy (including the division of financial accountabilities between the Board, management, and auditors; elements of a healthy financial control framework; how to read financial statements; aspects of a sound budgeting process, etc.); c. overview of the educational sector (including responsibilities of stakeholders, and resources available); and d. overview of the District itself (including history, demographic trends, geographical dispersion, challenges, and opportunities).
<p>#15 Formal Board Terms of Reference</p> <p>The District should develop formal terms of reference for the Board and individual Trustees.</p>
<p>#16 Public Disclosure of Terms of Reference</p> <p>Once in place, the terms of reference for the Board, along with the terms of reference for its Committees should be posted on the District's website.</p>

RECOMENDATIONS**#17 Role of Board Chair**

The chair of a board plays a key leadership role in the work of the board, including managing the board's work, chairing meetings, liaising with management on behalf of the board and engaging with external stakeholders. Individuals who step up to chair school boards may not come with significant board chair experience.

In addition to the normal Trustee training (#14 above), special training and education should be provided to Trustees who serve or plan to serve in a chair role (Board or Committee).

#18 Formal Job Descriptions

There should be a comprehensive job description for the Superintendent that reflects the balance of responsibilities between educational, operational and financial leadership of the District and support for the Board. There should also be a similar job description for the Secretary Treasurer that, among other things, clarifies the reporting relationship vis à vis the Superintendent and the Board.

SKILLS AND EXPERIENCE**#19 Board Competency Assessment**

Each school board in the province should be required to complete a skills matrix within three months of election that identifies the skills the board requires to provide effective governance, as well as an assessment of the collective skills the trustees possess. For gaps in required skills and demonstrated skills, the school board should develop a strategy to retain those skills. The skills matrix, assessment against that matrix, and skill retention plan should be submitted to the Ministry and upon Ministry approval, implemented by the school board.

Regardless of whether this is a Ministry requirement, the School District should implement such a process.

#20 Board Continuing Education Plan

In order to provide Trustees with as much support as possible to carry out their job, the District should develop, implement, and update on an annual basis, a formal Board continuing education plan (Plan) that is specific to the needs of the Trustees. The Plan should consider the training requirements of newly elected Trustees, returning Trustees, the annual Board and Trustee evaluation results, District-wide and educational challenges, emerging risks (i.e. cyber-security), governance considerations, and financial literacy, among other areas.

RECOMENDATIONS**#21 Information**

In order to make sure Trustees are as effective as possible, information should be presented to them in a format that they can digest and understand. Specifically we recommend that senior staff make sure that financial statements and other financial planning documents are presented as simply as possible to help non-financial experts understand their content and implications.

#22 Audit and Finance Committee

The Ministry should require every school board in the province to establish an Audit and Finance Committee of the board. Terms of reference for this Committee should include oversight of audit and financial reporting, including review and approval of quarterly and annual financial statements, transfer of surplus between funds, risk management and internal controls. Terms of reference for this Committee should require that it meet on at least a quarterly basis. The Committee should be comprised of a minimum of three individuals, at least one of whom is a financial expert. Provision should be made for members of this Committee to include individuals other than elected Trustees to provide advice and help ensure the presence of necessary financial expertise.

#23 District Finance and Operations Committee

The District should revisit the terms of reference and composition of its Finance and Operations Committee to ensure appropriate financial expertise and financial oversight. If there is insufficient financial literacy among the Trustees, the Board should consider the appointment of financially qualified advisors to the Board and Finance and Operations Committee.

#24 Other Committees

The District should review its committee structure and distinguish between committees that assist the Board in carrying out its governance responsibilities (which typically include committees related to finance, audit, labour relations, human resources and governance) and committees which are advisory in nature to the District.

#25 Superintendent Education

The District should support the Superintendent, Secretary Treasurer and senior staff in obtaining the education necessary to assist them in their management and governance responsibilities.

RECOMENDATIONS**COMMITMENT TO CONTINUOUS IMPROVEMENT****#26 Annual Board and Trustee Evaluation**

The District should develop an evaluation process to assess Board, Committee, and Trustee performance, with the objective of driving improved performance. To support the evaluation process, the following elements should be incorporated.

- The evaluation process should be conducted on at least an annual basis.
- The results of the evaluation process should be used with the purpose of improving future performance.
- Feedback obtained from the evaluation process should be used in the annual Board

#27 Annual Performance Plan and Evaluation of Superintendent

An important part of maintaining a healthy board/superintendent relationship is to ensure there is a well-designed performance management process for the Superintendent. A good process sets clear, measurable and aligned goals for the Superintendent, clarifies the Superintendent's role/priorities and the Board's expectations, provides a way for the Superintendent to be evaluated on fair objective information and builds trust and transparency between the Board and Superintendent.

At the beginning of each fiscal year, the Board and the Superintendent should establish goals that set out expectations for the Superintendent for that year, as well as longer-term objectives (e.g., three years). The goals should be aligned to the long-term strategic plan of the organization, and include parameters related to organizational leadership and Board support. Clear measurement criteria and timelines should be developed alongside these goals that can be used to assess the level of progress in achieving targets.

Upon completion of the fiscal year, a formal evaluation of the Superintendent's performance should be completed. The evaluation should include (amongst other sources of feedback) an assessment of progress made during the year against the agreed-upon goals and measurement criteria.

#28 Annual Performance Plan and Evaluation of Central Staff Performance

Similar to the annual goal setting and performance evaluation process recommended for the Superintendent, we recommend that the Superintendent initiate a comparable process for central staff. The Superintendent should confirm to the Board on an annual basis that signed-off performance plans and formal year-end evaluations of each central staff member have been completed.

RECOMENDATIONS**FINANCIAL MANAGEMENT AND ACCOUNTABILITY****#29 Operating Budget**

The Operating Budget packages could be strengthened and enhanced by the following:

- Earlier in the process, present the budgeted Statement of Operations, including appropriations from accumulated surplus and inter-fund transfers;
- Incorporate key elements of the Capital Budget (including Local Capital activity) in order to set out the full financial picture;
- Specifically identify contingencies and reserves that are built into the budget;
- Complete and include sensitivity analysis that shows the potential impact of changes to key assumptions;
- Risk assessment; and
- Statement of Financial Position (at the highest level).

In addition, while the budget submitted to the Ministry is a one-year budget, we recommend that in the near term, the District begin the process of establishing a rolling three-year budget that is aligned with the strategic plan.

#30 Local Capital Budget

We recommend that the process for developing and approving the Local Capital Budget be defined, approved and implemented, with clear milestones for Board review and approval. This would be part of the District's governance policies.

#31 Quarterly Reporting

Under practices adopted by the new Secretary Treasurer, the Board now receives a monthly report commencing in February of each year, actual year-to-date results and projections for the balance of the year. We recommend that, in addition to this monthly report (which only provides financial reporting on the last five months of the year), the Board be provided with quarterly results and projections as at September 30, and December 31 of each year. This will allow the Board to monitor the District's financial position throughout the year on an ongoing basis.

Included in the quarterly reports on actual results should be updates on capital spending against budget. For significant capital projects, status reports should be provided that set out progress on spending relative to budget, achievement of key milestones and risks related to delivering the project on-time, on-budget and against identified project specifications.

RECOMENDATIONS**#31 Quarterly Reporting continued**

In addition to financial reporting, quarterly reporting should also highlight significant operational results and achievement against key performance metrics

#32 Establish a Surplus Policy

The Board should discuss and approve a surplus policy that guides future years' inter-fund transfers. The policy should consider general guidelines as to how much (e.g., percentage or dollar amount) could be transferred to other funds, how much would be added to Accumulated Surplus and how much might be allocated for current year's initiatives and spent in that fiscal year. In addition to developing a policy, annual discussions on the expected surplus/deficit for the year should be held starting in the third quarter of the year to help inform decisions related to the application of the Surplus Policy for that fiscal year.

#33 Formal Approval of Inter-Fund Transfers

Each year's inter-fund transfers should be subject to discussion and approval by the Board prior to the transfer being made, with a formal motion for the transfer of that year's surplus.

#34 Control Framework

A review of the District's control framework against a recognized and robust framework (such as the Committee of Sponsoring Organization's (COSO) Internal Control Framework) should be undertaken. Key controls should be documented, and where gaps in the control framework are identified, steps should be taken to close those gaps.

#35 Financial and Operational Policies and Procedures

Management should identify financial and operating policies and procedures that should be in place, compare them to what exists, and implement and document those policies and procedures that don't exist but should.

#36 Delegation of Authority

We enquired about the existence of a formal delegation of authority policy that sets out spending limits and required approvals, including spending requiring Board approval. We were unable to identify that such a policy exists. A formal delegation of authority (e.g., spending authorization matrix) should be developed, approved by the Board and implemented.

RECOMENDATIONS**#37 Internal Audit Function**

The School District should establish a formal internal audit function, charged with reviewing the efficiency and effectiveness of District processes and controls. In establishing the function, consideration should be given to outsourcing the function to an independent accounting firm.

ETHICAL CONDUCT AND CONFLICT OF INTEREST**#38 Review, Update, and Provide for Annual Sign-Off on the Code of Conduct**

The Code of Conduct embedded within the Procedural Bylaws should be reviewed and updated on a regular basis. Steps should be taken to ensure it is aligned with references to conflicts as set out in the Act. In addition, each Trustee should be required to review and formally sign-off on an annual basis, acknowledging their agreement to abide by the Code.

Given the importance of the Code, we recommend that the Code be reconstituted as a stand-alone document.

#39 Taxpayer Accountability Principles

The BC Government's Taxpayer Accountability Principles (TAP) are intended to apply to the broader public sector, which includes school districts. All Trustees and members of central staff should receive training on the expectations of TAP and the expectations established by TAP should be incorporated into the Code of Conduct.

#40 Conflict of Interest Policy

A Conflict of Interest Policy should be developed and training provided to Trustees and central staff. The Conflict of Interest Policy should also be signed off on an annual basis by the Trustees and central staff. In addition, a mechanism should be established for the reporting of actions that are, or could potentially be perceived to be, in violation of the Conflict of Interest Policy. The Conflict of Interest policy could form part of the Code of Conduct.

RECOMENDATIONS**#41 Whistleblower Mechanism**

There currently is no mechanism for the anonymous submission of complaints. A whistleblower process should be established that provides for the anonymous reporting of suspicious or inappropriate behaviour / activity. An important feature of the design of a whistleblower process is that the submission of matters for investigation must be done in good faith, with ramifications for individuals who use it for purposes for which it is not designed. It is recommended that the whistleblower process for the District be open to staff and employees, as well as external third parties.

GOVERNANCE FRAMEWORK**#42 District Governance Framework and Policies**

The District should establish a more comprehensive set of governance policies that outline the District's approach to governance and include roles and responsibilities (e.g., for the Board, Committees, individual Trustees, the Superintendent and the Secretary Treasurer), a code of conduct, and important review and decision-making processes that guide the Board's work (e.g., the approach to strategic planning, delegation of authority, Superintendent review, meeting practices, and stakeholder engagement).