



BOARD OF EDUCATION

BUDGET ADVISORY COMMITTEE MEETING

April 10, 2017

4:30 p.m.

District Education Office

AGENDA

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes – January 16, 2017 Page 2
4. Powerpoint – Preliminary Budget 2017/18 Page 5
5. Financial Health Working Group Page 33
6. Financial Review Page 133
7. Questions

Adjournment

Next Meeting:

May 1, 2017

4:30 p.m.

District Education Office - Hope

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

**DRAFT MINUTES OF THE BUDGET ADVISORY
COMMITTEE MEETING
January 16, 2017**

PRESENT:

Board - Committee Members:

Tom Hendrickson	Chair
John Koopman	Trustee
Cindy Ferguson	Trustee

Representatives:

Lori Izawa	Parent	PAC
Darlene Smith	Payroll	CMAWBC
Bruce Becker	Principal	FCPVPA
Brad Bourel	Maintenance	CMAWBC

Staff:

Karen Nelson	Superintendent
Natalie Lowe-Zucchet	Secretary-Treasurer
Kevin Bird	Assistant Superintendent

Recording Secretary:

Laurie Bjorge	Accounting/Data/Human Resources
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Regrets:

Shannon Perna	Teacher	FCTA
Jon Polishak	Teacher	FCTA
Karl Koslowsky	Vice Principal	DISTRICT
Tina Wenman	Representative AEC	
Wayne Bobb	Representative AEC	
Mark Classen	Principal	FCPVPA
Wendy Clark	Parent	DPAC

1. Call to Order

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

2. Approval of Agenda

IZAWA/KOOPMAN

THAT the Agenda be approved as presented.

Carried

3. Approval of Minutes – November 28, 2016

SMITH /IZAWA

THAT the Minutes of the Budget Advisory Committee meeting held on November 28, 2016 be approved.

Carried

4. Powerpoint Presentation – Final Budget 2016-2017

The Secretary-Treasurer presented the amended final 2016-2017 budget. A comparison was presented of enrolment numbers from 2010-2017. From 2010 – 2015 there was a decrease of 358 student FTEs. From 2015 to date there has been an increase of 96 student FTEs. As predicted, the district is experiencing a slight upswing in enrolment, and because of increasing enrolment, the district is now out of funding protection.

The Secretary-Treasurer reiterated the importance of the Auditor General's report. This reports takes an in depth look at education spending and whether or not dollars are being spent appropriately and effectively. The Auditor General wants to ensure that boards have the best information to make effective financial decisions. A self- assessment checklist for boards ensures they are setting a clear direction, realistic budgets, and able to monitor spending. The Secretary-Treasurer does this by providing quarterly reports to the board noting unusual expenditures, and showing that budgeted and actual figures match. The district has been very good at keeping the budget in line and not over spending.

Information was provided as to how education money is allocated provincially, based on the uniqueness of students and districts. Operating grants were explained and compared to previous years. The Supplement for the Education Plan is the funding the Ministry gave to districts to assist with the implementation of the new 21st century learning initiative which moves us from the old style of education to seeing each student as a separate learner. Teacher collaboration is a large component of this initiative.

The Secretary-Treasure reviewed existing programs and noted that district is able to continue these programs due to grant funding continuation, and proper budget management. The Trades and Technology program will receive funding to assist with the growth and changes within this program.

Cost pressures were discussed including compensation increases, benefit premiums, and utility increases. A big concern is the implementation of the Supreme Court decision regarding class size contract language. Reinstating the old contract language will be difficult as there has been so much change in the last fifteen years. The district received \$193,636 to implement the first part of the change. The Superintendent explained the consultation process which is similar to the LIF consultation process where she will consult principals and then meet with the union president to come to an agreement.

The district is closely watching the enrolment growth especially in the Kent/Agassiz area. Kent Elementary is feeling the pressure the most. The district has submitted a project evaluation report and a plan for expansion to the Ministry. There is some local capital money that can be used to entice the Ministry to help fund the addition.

5. Amended Annual Budget

The Secretary-Treasurer presented the amended annual budget to the committee and answered questions in regards to line items.

MOTION:

IZAWA/KOOPMAN

THAT the Budget Advisory Committee recommend that the 2016/2017 Amended Annual Budget be sent to the Board of Education for first and second reading.

Carried

6. Questions

No further questions.

The Superintendent thanked the Secretary-Treasurer for the presentation and for being so responsible with the district's finances.

Adjournment

IZAWA/FERGUSON

THAT the meeting be adjourned. 5:40 p.m.

Carried

Notice of Next Meeting:

April 10, 2017

4:30 p.m.

District Education Office

Prelim. Budget 2017 2018

S.D.# 78 (Fraser Cascade)

Budget 2017 2018

● Key dates:

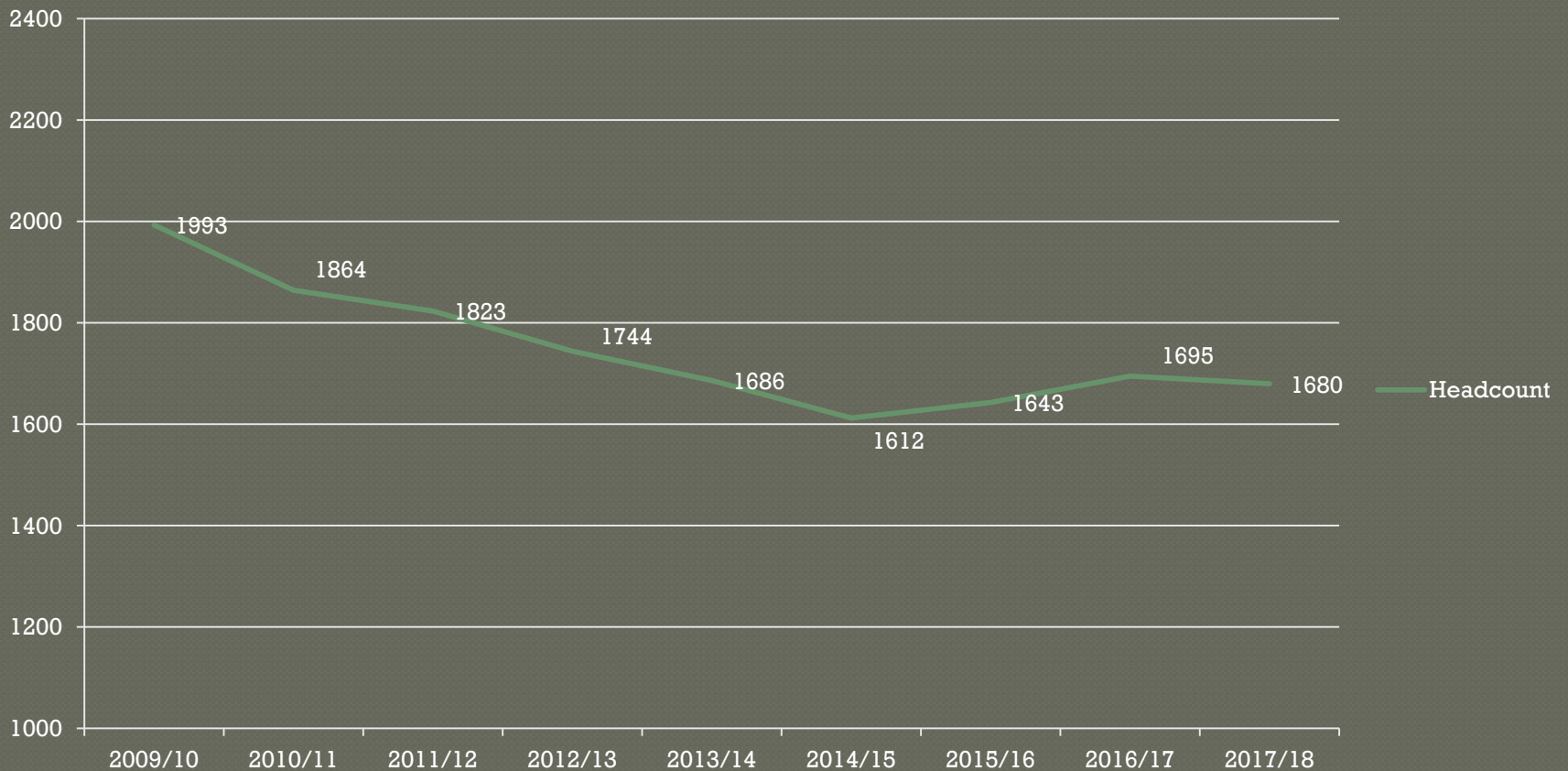
- Feb 17- Minister announces Provincial funding
- Feb 12 – Enrolment projections due from District
- Mid March – funding announcement MOE
- Mar- April – preliminary budgets developed
- April 30 – end of lay-off period
- May 10 – Board Meeting – first reading of budget
- June 30- Approved budget due to MOE
- Sept 30 - Enrolment snapshot
- Feb 28 – Amended budget due

Budget 2017 2018

School Name	Total FTE			
	17/18	16/17	15/16	14/15
Hope Secondary	377	357.00	335.37	317.63
Boston Bar Elem-Secondary	52	50.50	59.25	51.75
Coquihalla Elementary	369	377.00	355.00	350.00
Harrison Hot Springs Elementary	101	104.00	93.00	98.00
Agassiz Elem-Secondary	308	307.13	317.00	300.75
Kent Elementary	293	298.00	274.00	264.00
Silver Creek Elementary	117	120.00	141.00	113.00
Two Rivers Education Centre	53	56.00	56.13	68.75
Agassiz Centre for Education	13	17.00	16.50	27.13
	1683	1686.63	1647.25	1591.00
Continuing Ed	3	2.65	0.00	0.00
	1686.00	1689.28	1647.25	1591.00

Budget 2017 2018

Headcount



Budget 2017 2018

- In 2017 Budget the MOE allocation for the next three years is \$740M which includes additional funding for enrolment, rural education, student transportation, compensation costs and to address the MOA with the BCTF
- The MOA provided \$50M to be added to district funding in January 2017. this amount will increase to \$100 M for the next year in addition to \$80M LIF for teachers and \$180M in new funding (150M for teacher compensation and 30M for overhead and operating)
- The LIF funding will remain in place as well for support staff at \$20M
- Govt. has given out notional allocations for the amount they anticipate we will need to implement our former CA language. Our portion is \$851,500. they will fund more if required and will claw back a portion if it isn't needed.

Budget 2017 2018

Funding increases for k-12 (in millions)	2017/18	2018/19	2019/20
Prelim estimate enrolment growth	76	76	76
Annualized cost of BCTF agreement	120	100	100
Increased funding for transportation	15	15	15
Rural education enhancement funding	3	3	3
Relief of various district cost pressures	28	32	34
Second Economic stability dividend salary inc.	14	15	15
TOTAL	256	241	243
GRAND			740

Budget 2017 2018

Table 1.8 Expense by Ministry, Program and Agency

(\$ millions)	Updated Forecast 2016/17 ¹	Budget Estimate 2017/18	Plan 2018/19	Plan 2019/20
Service delivery agency expense:				
School districts	6,048	6,248	6,315	6,358
Universities	4,461	4,619	4,771	4,885
Colleges and institutes	1,215	1,224	1,245	1,250
Health authorities and hospital societies	14,161	14,352	14,707	15,086
Other service delivery agencies	4,459	4,281	4,408	4,527
Total service delivery agency expense	30,344	30,724	31,446	32,106
Total expense	49,082	50,193	50,702	51,572

Budget 2017 2018

	2017/2018	2016/2017pre	2016/2017 fin	Difference
Govt. Funding	\$19,341,690	\$18,786,040	\$19,133,290	\$208,400
Govt. Holdback		46,587		
Govt. Suppl.		40,337		
Administration	(96,520)	(96,520)	(96,520)	0
Total	\$19,245,170	\$18,776,444	\$19,036,770	\$208,400
FTE	1686	1653	1684	2

Note the admin savings for 16 / 17 were returned by reducing expenses the District would normally pay

Budget 2017 2018

	2017/2018	2016/2017	Difference
Prelim Operating grant	19,245,170	\$19,036,770	\$208,400
Admin Grant	96,520	96,520	0
Learning Improvement	77,136	386,079	\$(308,943)
Community Link	345,619	343,579	\$ 2,040
Annual Facility Grant	116,399	116,399	0
Pay Equity	229,516	229,516	0
Classroom enhancement	851,500	0	\$851,500
Total	20,961,860	20,208,863	\$752,998

Budget 2017 2018

	2017/2018	2016/2017 final	Difference
Standard grant	11,827,620	11,628,198	199,422
Alternate school	483,116	528,164	(45,048)
Special Ed	2,005,650	1,982,550	23,100
ELL	103,230	102,120	1,110
Aboriginal Ed	762,300	754,045	8,255
Adult Ed	9,236	11,983	(2,747)
Salary Diff suppl.	158,666	158,725	(59)
Geographic	3,958,192	3,934,630	23,562
Funding protect.	-----	-----	
Education Plan	33,680	32,875	805
Admin Savings	(96,520)	(96,520)	
Total	19,245,170	19,036,770	208,400

Budget 2017 2018

Estimated Operating Grants - 2017/18 School Year

School District 78 Fraser-Cascade

September 2017 Enrolment Count				
	School-Age Enrolment	Funding Level	Funding	Total Supplement
Standard (Regular) Schools	1,620.0000	\$7,301	\$11,827,620	
Continuing Education	0.0000	\$7,301	\$0	
Alternate Schools	66.0000	\$7,301	\$481,866	
Distributed Learning	0.0000	\$6,100	\$0	
Home Schooling	5	\$250	\$1,250	
Course Challenges	0	\$228	\$0	
Total Enrolment-Based Funding (September)	1,686.0000			\$12,310,736
	Total Enrol. Change	Funding Level	Funding	Total Supplement
1% to 4% Enrolment Decline	2.0000	\$3,651	\$0	
4%+ Enrolment Decline			\$5,476	
Significant Cumulative Decline (7%+)	114.3750	\$3,651	\$0	
Supplement for Enrolment Decline				\$0
	Enrolment	Funding Level	Funding	Total Supplement
Level 1 Special Needs	3	\$38,140	\$114,420	
Level 2 Special Needs	77	\$19,070	\$1,468,390	
Level 3 Special Needs	44	\$9,610	\$422,840	
English Language Learning	74	\$1,395	\$103,230	
Aboriginal Education	630	\$1,210	\$762,300	
Adult Education	2.0000	\$4,618	\$9,236	
Vulnerable Students			\$0	
Supplement for Unique Student Needs				\$2,880,416
Variance from Provincial Average	-\$1,554			
Estimated Number of Educators	93.778		-\$145,731	
	Enrolment	Funding Level	Funding	Total Supplement
FTE Distribution	1,688.0000	\$180.33	\$304,397	
Supplement for Salary Differential				\$158,666
Supplement for Unique Geographic Factors				\$3,958,192
Funding Protection				\$0
Supplement for the Education Plan				\$33,680
September 2017 Enrolment Count, Total				\$19,341,690

July 2017 Enrolment Count				
	Enrolment	Funding Level	Funding	Total Supplement
Summer Learning Grade 1-7	0	\$208	\$0	
Summer Learning Grade 8-9	0	\$208	\$0	
Summer Learning Grade 10-12	0	\$416	\$0	
Supplemental Summer Learning Funding			\$0	
Cross-Enrolment, Grade 8 and 9	0	\$0	\$0	
Summer Learning, Total				\$0
February 2018 Enrolment Count				
	Enrolment	Funding Level	Funding	Total Supplement
School-Age FTE - Continuing Education	0.0000	\$7,301	\$0	
Adult FTE - Continuing Education	0.0000	\$4,618	\$0	
K-Gr 9 School-Age FTE - Distributed Learning	0.0000	\$3,050	\$0	
Gr 10-12 School-Age FTE - Distributed Learning	0.0000	\$6,100	\$0	
Adult FTE - Distributed Learning	0.0000	\$4,618	\$0	
Level 1 Special Needs Enrolment Growth	0	\$19,070	\$0	
Level 2 Special Needs Enrolment Growth	0	\$9,535	\$0	
Level 3 Special Needs Enrolment Growth	0	\$4,805	\$0	
Newcomer Refugees	0.0000	\$3,651	\$0	
ELL Supplement - Newcomer Refugees	0	\$698	\$0	
February 2018 Enrolment Count, Total				\$0
May 2018 Enrolment Count				
	Enrolment	Funding Level	Funding	Total Supplement
School-Age FTE - Continuing Education	0.0000	\$7,301	\$0	
Adult FTE - Continuing Education	0.0000	\$4,618	\$0	
K-Gr 9 School-Age FTE - Distributed Learning	0.0000	\$2,033	\$0	
Gr 10-12 School-Age FTE - Distributed Learning	0.0000	\$6,100	\$0	
Adult FTE - Distributed Learning	0.0000	\$4,618	\$0	
May 2018 Enrolment Count, Total				\$0
Administrative Savings			-\$96,520	
2017/18 Full-Year Estimated Total				\$19,245,170
Estimated 2017/18 Operating Grant from Aboriginal Affairs & Northern Development Canada				\$2,861,301
Estimated 2017/18 Operating Grant from Ministry of Education				\$16,383,869

Budget 2017 2018

Revenue Comparison

Name	2017-18 Preliminary Budget	2016-17 Final Budget	2011-12 Final Budget Variance
Allocations			
	\$0	\$0	\$0
Operating Grant MOE			
	\$19,245,170	19,036,770	\$208,400
Other MOE Grants			
Pay Equity	229516	229516	\$0
Community Link Funding	345619	343579	\$2,040
Admin Savings Grant	96520	96520	\$0
Literacy Grant		0	\$0
French Grants	10382	10382	\$0
Strong Start	96000	96000	\$0
Learning Improvement Fund	77136	385845	-\$308,709
Ready Set Learn	12250	12250	\$0
Classroom Enhancement Fund	851500		\$851,500
Transportation Grant	184576	184576	\$0
	\$1,903,499	\$1,358,668	\$544,831
Other Income			
International Student fees	24000	24000	0
Miscellaneous	15000	15000	0
	\$39,000	\$39,000	\$0
Rentals and Leases			
	\$50,000	\$50,000	\$0
Investment Income			
	\$150,000	\$150,000	\$0
Surplus/(Deficit) Carryforward			
	\$1,438,661	\$1,717,366	-\$278,705
16	\$22,826,330	\$22,141,594	\$474,526

Budget 2017 2018

● Increases in Rates

- Per pupil up from 7218 to 7301 =83/FTE
 - Level 1 up from 37700 to 38140 =440/FTE
 - Level 2 up from 18850 to 19070 =220/FTE
 - Level 3 up from 9500 to 9610 =110/FTE
 - ELL up from 1380 to 1395 =15/FTE
 - AB ed up from 1195 to 1210 =15/FTE
 - Adult up from 4565 to 4618 =53/FTE
-
- This is to accommodate the increases in salaries and benefits we have experienced over the last two years. My budget file has been adjusted accordingly

Budget 2017 2018

● Our average teacher salary has been as follows:

- 2015/16 72,747
 - 2016/17 73,657
 - 2017/18 EST. \$74,360 plus benefits=91,127
-
- We have continued to use \$74,800 as our average for budgeting
 - Teacher costs will be approximately \$80,000 higher this budget

Budget 2017 2018

- reduced costs for MSP(the 4% Jan increase was not implemented), and PST on Hydro will assist with maintenance of budget pressures
- In Jan 2018, family income below \$120,000 will see MSP rates cut by 50%
- Anticipated that 5-10% of the 100M LIF will be used to address students with mental health issues

The transportation funds are to support elimination of fees for busing services

Budget 2017 2018

- Learning Improvement fund
 - \$77,136 for support staff
 - Plan submitted to MOE in fall
- Legal cost levy now known for shared services taken off of our funding before it comes to us. The total cost is \$1.6 M

Budget 2017 2018

- The district will be implementing the 2002 class size language which calls for smaller classes in many cases and more resources for classes with more than three identified special needs students in a class.
- Funding to address the language has been allocated. The District will have to show the impacts of the language in order to access the funding. Our share to begin is 851,500. if we can prove we need more, it will be available.

Budget 2017 2018

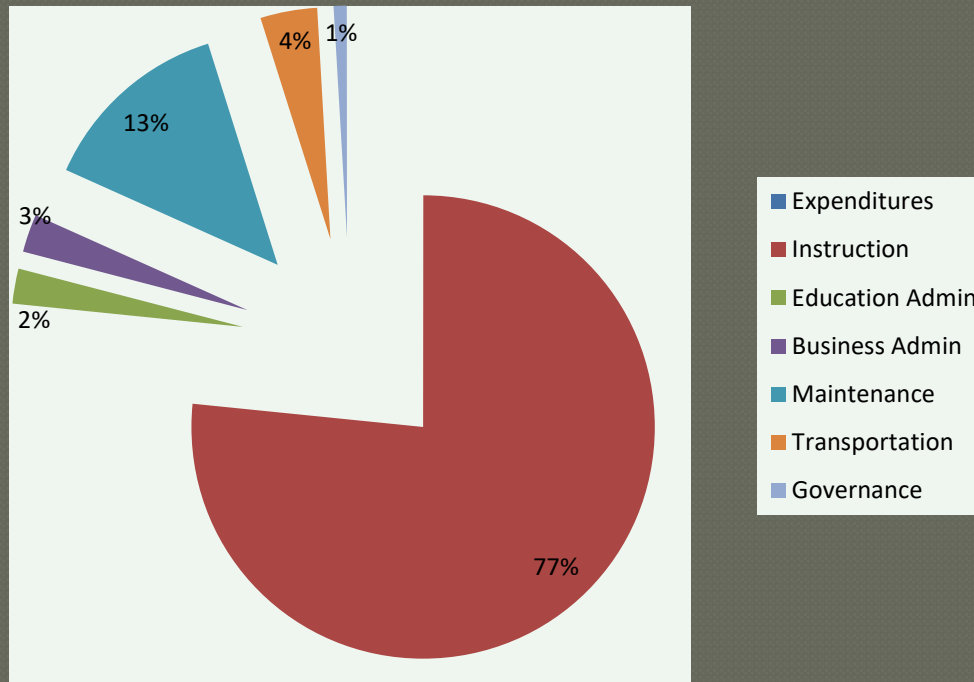
● Other Cost Pressures:

- | | |
|---|--------------------------|
| • Part time Trades Coordinator | \$ 63,000 |
| • Funding for trades program | \$ 35,000 (teacher time) |
| • MyEd BC implementation | \$ 10,000 |
| • Block release for Mountain School | \$ 12,000 |
| • Innovative Practices funding | \$ 30,000 |
| • Additional staffing for special education | \$100,000+ |
| | |
| • Total | \$ 250,000 |
- The additional funding we received was strictly for teacher staffing so much of the inflationary amounts must be absorbed by our budget
 - The innovative practices funding will come from the BC ed plan funds which now have to be reported on

Budget 2016 2017

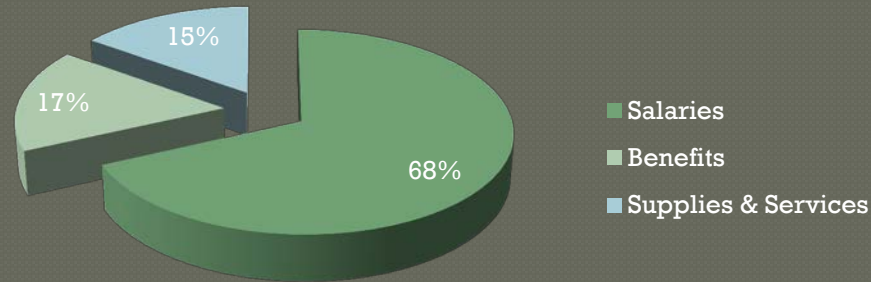
	2017-18	2016-17	Difference
Certificated Staff			
	13,151,938	\$12,138,616	\$1,013,322.00
Support Staff			
	5,447,187	\$5,376,624	\$70,563.00
Trustees			
	83,275	\$83,275	\$0.00
102 Regular Instruction			
	1,598,242	\$1,756,370	-\$158,128.00
103 Career Programs			
	2,500	\$2,500	\$0.00
107 Library Services			
	31,500	\$33,500	-\$2,000.00
110 Special Education			
	71,220	\$73,000	-\$1,780.00
131 Aboriginal Ed			
	499,330	\$561,177	-\$61,847.00
141 School Admin			
	57,100	\$57,100	\$0.00
411 Educational Administration			
	47,826	\$48,685	-\$859.00
440 School District Governance			
	90,500	\$79,535	\$10,965.00
441 Business Administration			
	122,944	\$102,000	\$20,944.00
541 Maintenance			
	27,500	\$17,225	\$10,275.00
550 Maintenance Operations			
	436,841	\$427,545	\$9,296.00
552 Grounds			
	24,413	\$25,000	-\$587.00
556 Utilities			
	464,100	\$464,100	\$0.00
741 Transportation			
	9,000	\$9,000	\$0.00
770 Transportation			
	23 245,200	375200.00	-\$130,000.00
	22,410,616	21,630,452	\$780,164.00

Budget 2017 2018

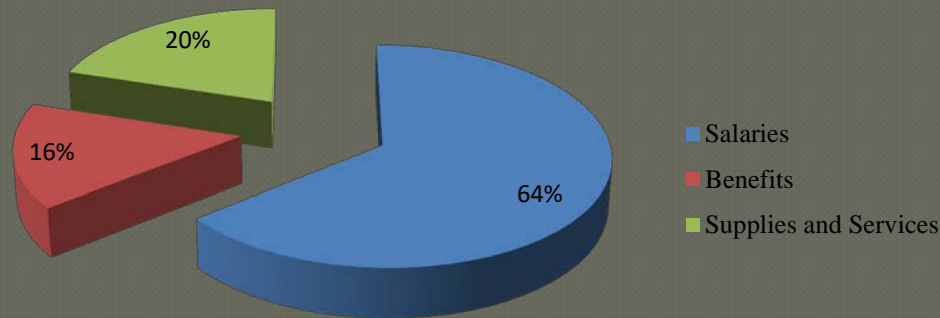


Budget 2017 2018

● Breakdown of Budget



Prior years



Current year

Budget 2017 2018

● 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.

Transportation grant

We have heard clearly that the funding should be allocated and used to support student transportation on field trips. We will ensure the funds are spent accordingly.

Budget 2017 2018

- The District continues to be 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 continuing to work on teacher collaboration and other initiatives to assist in implementing the new curriculum. The BC Ed plan money of \$33,680 is being used to support Pro-D and collaboration time at the schools.

Budget 2017 2018

- The District is implementing the custodial adjustments based on work done through the shared services initiative.
- The District is using some local capital to support the two classroom addition at Kent Elementary rather than providing temporary accommodations.
- The District has continued to maintain the low administration overhead to keep the focus on the classroom needs.

Budget 2017 2018

- 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.
- Work is also being done in maintenance and transportation to try to streamline work and find bulk purchasing savings through shared services work.

Budget 2017 2018

◉ Reserve/Contingency/Surplus

- We have approximately \$4 M unrestricted surplus
- The District is tapping into the unrestricted surplus to balance the budget

Budget 2017 2018

● Next Steps:

- Schools work on individual budgets
- Resolve personnel issues – leaves, lay-offs etc.
- Meet again to finalize budget

Budget 2017 2018

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"I met with the budget people and we agreed that the cheapest way to fix all of our problems is chocolate."

Dear Colleagues,

Over the past year, representatives from the BC School Trustees Association (BCSTA), BC School Superintendents Association (BCSSA) and BC Association of School Business Officials (BCASBO) have worked with the Ministry of Education, Ministry of Finance and Office of the Auditor General to develop financial governance and accountability guidance material and procedures for the K–12 Public Education Sector.

The purpose is to build on the existing financial accountability practices exhibited by the sector and provide guidance to boards of education as well as support materials for senior district staff and trustees to improve on this important work.

Our original intent was to provide these materials and procedures to school districts to use during the 2017/18 budget process so that you could be prepared to develop and approve related policies. In recognition of the significant work currently underway at school districts, we have decided to release the material and required procedures as advisory only at this time so that boards and senior staff can begin the discussion of future required policies. While early adoption of the related policies is encouraged, the target date for boards to implement the policies is June 30, 2018 so that they are in place for the 2018–19 school year.

Your associations will also support the implementation of these Financial Governance and Accountability materials, including working sessions during upcoming events. The Ministry of Education will be providing an overview of the materials and requirements during the upcoming BCSTA AGM, which will be open to registered superintendents and secretary treasurers as well as trustees.

The BCSTA maintains a database of school district policies which you may want to access as a resource in developing policies. This resource provides up-to-date policies provided to BCSTA by BC boards of education. BCSTA works with participating districts to keep this resource up to date. However, in some instances there may be more current versions that are not yet in the system. The database can be accessed through this link: <https://dsweb.bcsta.org/docushare/dsweb/View/Collection-9637>.

We are confident that the implementation of these materials over time will improve the financial accountability and governance practices in our sector. We are pleased to provide these materials for use in your district.

Sincerely,



Teresa Rezanoff, President
BCSTA



Tom Longridge, President
BCSSA



Kelvin Stretch, President
BCASBO

Financial Governance and Accountability

School Districts of British Columbia

Material Prepared by the *Financial Health Working Group*

2017/18



Introductory Letter *from* Deputy Minister of Education

Over the past several years there has been a growing interest in Financial Governance and Accountability of school districts.

With recent auditor reviews and special advisor reports recommending strengthening the financial accountability framework of school districts, the Ministry of Education has developed good practice guidance materials in partnership with the Financial Health Working Group. This Group includes membership from the Ministry, BC School Trustees Association (BCSTA), BC School Superintendents Association (BCSSA), BC Association of School Business Officials (BCASBO), Office of the Auditor General, and Office of the Comptroller General of BC.

Together, we are building on an already solid base of financial accountability practices exhibited by the K-12 Public Education Sector. This work supports leadership development in the sector, and the Framework for Enhancing Student Learning.

These financial governance and accountability documents support boards of education in the work they do as governors of our education sector. For example, having reserve policies that reflect your district's education priorities.

Shortly after the Financial Governance and Accountability material is distributed, the Ministry will facilitate regional calls with trustees, superintendents and secretary-treasurers. These calls will be an opportunity to discuss your initial reactions and questions with members of the Financial Health Working Group.

Ministry staff will attend upcoming Association meetings where more in-depth discussion of the material can occur. The first of these meetings will be the 2017 BCSTA AGM in April. Other meetings will be held during BCSSA Regional Chapter meetings and the 2017 BCASBO AGM in May.

The documents included in this package are intended to provide advice that increases the transparency and understanding of school district financial health and consistent practice across all school districts. Important aspects of this work are:

- Reporting the benefit and plans for accumulated operating surpluses
- Establishing an audit committee
- Linking financial decisions to the school district's strategic plan and risk profile

These documents and toolkits will provide practical examples of questions that Boards of Education could ask their senior staff to ensure they have a full understanding of their school district's financial information.

The BCSTA, in partnership with the Ministry of Education, is developing additional material for Boards of Education that address capacity building for school board trustees.

The Ministry is interested in facilitating the sharing of ideas and good practices with regard to governance and financial accountability so that all school districts can benefit. More robust governance and accountability practices ultimately benefits the students of British Columbia to develop their individual potential and to acquire the knowledge, skills and abilities needed to contribute to a cohesive society and a prosperous and sustainable economy. After all, this is why we are here. Both BCSSA and BCASBO also provide professional development for their members on these topics.

The following resources are attached to this letter, and will continue to be updated as new toolkits and good practices are developed based on your input, for the benefit of all school districts:

- Ministry of Education expectations of Boards of Education regarding financial governance and accountability
- Toolkit for Boards of Education – Financial Health and Other Questions
- Toolkit for Boards of Education – Accumulated Operating Surplus
 - Appendices:
 - I. BC Taxpayer Accountability Principles
 - II. Categorization of Internally Restricted Accumulated Operating Surplus by School District
 - III. SY2015-16 Accumulated Operating Surplus Percentage Compared to Expenditures and Funded FTE
- Toolkit for Boards of Education – Audit Committees



Dave Byng
Deputy Minister of Education

Expectations of Boards of Education – *Financial Governance & Accountability*

Executive Summary

With recent auditor reviews and special advisor reports recommending strengthening the financial accountability framework of school districts, the Ministry of Education has developed guidance materials in partnership with the Financial Health Working Group. This Group includes membership from the Ministry, BC School Trustees Association (BCSTA), BC School Superintendents Association (BCSSA), BC Association of School Business Officials (BCASBO), Office of the Auditor General, and Office of the Comptroller General of BC.

Together, we are building on an already solid base of financial accountability practices exhibited by the K-12 Public Education Sector. This work supports leadership development in the sector, and the Framework for Enhancing Student Learning.

Key elements detailed within the Financial Governance and Accountability documents and toolkits relate to budget monitoring, accumulated surplus policy, and audit committees.

These financial governance and accountability documents support boards of education in the work they do as governors of our education sector. For example, having reserve policies that reflect your district's education priorities.

Expectations

The Financial Governance and Accountability documents and toolkits are intended to be supplemented with the sharing of good practices and collaboration amongst school districts. Examples of areas that could benefit from the sharing of good practices include assessing a school district's risk profile and mitigation strategies, a framework

for developing a strategic plan, and a framework for evaluating the skills and abilities of trustees and/or establishing an employee performance evaluation framework.

School districts are currently at various stages of developing policies and strengthening their financial accountability framework. It is expected that all school districts will discuss and develop a policy on:

- Budget Monitoring and Reporting; and
- Surplus Policy

Development of the policies may be conducted during the 2017-18 school year and can be used to guide the 2017-18 budget process. While early adoption of the related policies is encouraged, the target date for boards to implement the policies is June 30, 2018 so that they are in place for the 2018-19 school year.

School districts should review the descriptions in the subsequent pages and related Toolkits and determine how best to address the following in their district:

- Capacity Building for School Board Trustees and Superintendents
- Taxpayer Accountability Principles
- Financial Statement Discussion and Analysis
- Incorporate Strategic Planning and Risk Assessment into budget decisions

By June 30, 2018, each Board of Education should have in place an Audit Committee and policy guidance for the committee, including Internal Audit processes, and a written plan on how the school district will address the above expectations beginning in the 2018-19 school year.

These expectations reflect recommendations made recently by Special Advisors appointed by the Minister of Education. At a future date, the wording may be amended to reflect other recommendations from the Auditor General and Ministry of Finance. How the school district implements these and future recommendations and guidance is at the discretion of the Board of Education and reflects appropriate latitude to implement based on each school district's unique circumstances, risk profile, and strategic priorities.

spending relative to budget, achievement of key milestones and risks related to delivering the project on-time, on-budget and against identified project specifications. In addition, on a quarterly basis, district financial staff should update the Board on local and annual capital reserves.

Budget Monitoring & Reporting

(Development of policies during the 2017/18 school year, with policy approved by the Board no later than June 30, 2018)

All school districts must provide the Board of Education (or committee of the board) with, at minimum, quarterly financial reports which indicate forecasted results compared with actual budget, and provide an accompanying discussion and analysis, as necessary, to fully communicate financial performance and key risks. Quarterly results and projections to June 30th should be provided 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 and the expected year-end position.

For significant capital projects, status reports should be provided that set out progress on

Good Practices for Budget Systems and Processes:

BUDGET ASSUMPTIONS

All plans, assumptions, implementation plans and risks should be fully-disclosed with the Board of Education trustees before they are asked to approve budget documents. These plans, assumptions, and related risks should:

- be disclosed in the budget documents
- take into account the economic environment of the school district
- focus on planned changes from the previous school year, and
- be realistic and consistent with the school district's goals and vision, as outlined in a strategic plan

At a minimum, these disclosures should include:

- key budget assumptions, such as student enrolments, grant rate increases, salary increases, and inflation rates
- financial and business risks, such as increases in interest rates and increases in fuel prices

- specific strategies explaining how the budget supports the school district's strategic plan/direction

In its presentation, management should walk the Board of Education through the supporting materials, budget highlights, budget assumptions, implementation strategies and financial and business risks so that all trustees understand the complete picture before they are asked to approve the budget.

BUDGET UPDATES

Budget update materials should be prepared, at minimum, quarterly and provided to school board trustees in a timely manner. The updates should include a comparison to the original budget and forecasts to the end of the school year in the following areas:

- revenues
- expenses
- accumulated operating surplus or deficit
- full-time equivalents (FTEs) for staff
- eligible funded students

The updates should also include an explanation of significant variances (i.e. variances greater than 5%).

The budget updates should be formally received by the board, and management should review the changes with trustees to make sure they are aware of the

current situation and the impact of the changes on the fiscal plan.

BUDGETARY CONTROLS

An effective budgetary process includes analysis of what happens when a plan is put into practice and what the organization does or does not do to correct for any variations from the plan.

Budgetary controls should include:

- clearly defining managerial responsibilities
- implementing a plan of action for individual budget sites
- taking responsibility for adhering to the budget
- monitoring performance against the budget
- taking corrective action if results differ significantly from the budget
- permitting significant departures from the budget only after approval by the board
- investigating unexplained variances from the budget

INTERIM REPORTING

Management should produce interim financial reports (in September, December, and March) that include a projection to the end of the school year and an explanation of significant variances between the budget and the projected totals to the end of the school year. Specifically, the interim report

should include all significant revenues and expenses, and changes to:

- unexpended capital allocations
- expended capital allocations
- investments in capital assets
- unspent capital balances
- accumulated operating surplus/deficit

These reports should be presented in a timely manner to the Board of Education for review.

For additional guidance, refer to the
Toolkit: Financial Health & Other Questions

Surplus Policy

(Development of policies during the 2017/18 school year, with policy approved by the Board no later than June 30, 2018)

All Boards of Education should prepare and approve an operating surplus reserve policy that guides the accumulation, reporting and spending of the funds. The policy should guide:

- inter-fund transfers, and ensure that stakeholders are aware of the policy and understand what it means
- general guidelines as to how much (i.e. percentage or dollar amount) could be transferred to other funds
- how much might be allocated from current year's resources to be spent in a future fiscal year
- annual planning and reporting of the expected surplus/deficit for the year and the application of the Surplus Policy for that fiscal year.

The purpose of restricted surpluses must be clearly documented and used as intended.

The threshold target for the Accumulated Surplus should be based on Total (versus net) Operating Accumulated Surplus. Surplus balances promote flexibility to absorb future year one-time costs, unforeseen expenditures, or reduced revenue due to declining enrolment.

For additional guidance, refer to the *Toolkit: Accumulated Operating Surplus*

Capacity Building for School Board Trustees & Superintendents

(Implementation by June 30, 2018)

The partner associations should work together to provide access to financial training on a regular basis. School districts should ensure that superintendents and trustees have access to financial training on a regular basis. Training should be provided, at minimum, in the following areas:

- governance – understanding roles and responsibilities of key stakeholders, and how provincial legislation and board policies impact school district operations
- financial literacy – understanding the education funding system, risk assessment, financial terms and language, components of financial statements and how they relate to one another, and what questions to ask superintendents and senior administration in order to obtain relevant and useful information

- financial monitoring – understanding how to verify information received from superintendents and senior administration, the internal control process, and how audit committees and internal auditors can benefit the operational efficiency of the school district.

Specifically, financial literacy training should include:

- the financial oversight responsibility of the board of education and management
- how financial statements are prepared and analyzed
- statements of financial position, operations, changes in net financial assets, and cash flows – how they are different and why they are all important
- the importance of notes to the financial statements
- how budgeting complements and supports financial reporting
- interim reporting against budget
- variance and comparative analysis
- good practices for a strong internal control system, including the use of audit committees and internal auditors
- how to ask clarifying questions of management and external auditors

For additional guidance, refer to the *Toolkit: Financial Health & Other Questions*

Taxpayer Accountability Principles

(Implementation by June 30, 2018)

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

Strengthening Board of Education financial literacy should be underpinned by the *Taxpayer Accountability Principles*.

Audit Committee & Internal Audit

(Implementation by June 30, 2018)

All school districts should formally assess the merits of establishing an Audit Committee. 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 monies 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 non-voting individuals other than elected Trustees to provide advice and help ensure the presence of necessary financial expertise.

For additional guidance, refer to the
Toolkit: Audit Committees

Good Practices for Implementing Audit Committees and Internal Audit in School Districts:

AUDIT COMMITTEE

Boards of Education should appoint an audit committee, responsible for monitoring and reviewing the risk, control, and governance processes that have been established in board policies, to assist them in their financial oversight responsibilities.

Audit Committee members:

- should include members of the board, though these members should not represent a quorum
- should understand the organization's environment and accountability structure
- should be financially literate
- should have the ability to ask the right financial questions and follow up with clarifying questions

Staff support to Audit Committee:

- the Secretary-Treasurer can be on the committee as a non-voting participant, to provide staff support
- corporate secretary support should be provided to the committee for any recommendations to the Board of Education

External expert support to Audit Committee:

- the committee may include external expert support, such as individuals with an accounting designation or other relevant expertise the Audit Committee requires
- the external expert is a non-voting participant who provides additional technical assistance to the committee as an objective advisor with expertise in financial matters or other relevant expertise

In camera time at Audit Committee meetings:

- audit committee members should have in camera time without staff present
- in camera time should be at the beginning and end of each meeting
 - at the beginning of each meeting so that Trustees can raise any issues they want to ensure are addressed by the auditors, or other invited expert
 - at the end of each meeting to ask questions directly to the auditors, or other invited expert, and to hear of any concerns the auditors may have

INTERNAL AUDIT PROCESS

School districts should have an internal audit function (if the school district's size and complexity warrant one) to assess

and report on the adequacy of the internal controls. The internal audit function, where appropriate, should be responsible for examining:

- business strategies
- budgeting and accounting systems
- internal control and operational systems
- compliance with policies, procedures, and legislation
- economical and efficient use of resources
- the effectiveness of operations

The Ministry will work with school districts to assist with implementation of audit committees and an internal audit

function. For example, the sharing of internal audit resources amongst several school districts.

The internal auditor would have a direct reporting relationship to the Audit Committee.

The school district's Audit Committee meets on a regular basis with internal audit to discuss relevant matters and review reports from the internal audit function, and will consider recommendations to the board of education for policy or procedural changes for the school district.

Financial Statement Discussion & Analysis

(Implementation by June 30, 2018)

Financial Statement Discussion and Analysis, or FSD&A, as a concept, is in a developmental stage for school districts in British Columbia. Most districts may already be doing components of a formal FSD&A. All school districts should consider implementing FSD&A reporting to further strengthen financial governance and accountability.

FSD&A templates reflecting good practices will be prepared and shared with all school districts.

The *Budget Transparency and Accountability Act of the Province of British Columbia* directs school districts to follow Public Sector Accounting Standards (PSAS) excluding the *PS4200* series, and *Treasury Board Restricted Contribution Regulation 198/2011*, issued in November 2011. Boards of Education prepare audited financial statements in compliance with these requirements. These financial statements alone do not provide stakeholders with all of the information necessary to assess the school district's financial performance.

The following guidance has been modified for school districts based on material originally presented by the Auditor General of British Columbia in their report – *Understanding Canadian Public Sector Financial Statements* (June 2014).

The document *Toolkit: Financial Health & Other Questions* present common questions a reader should keep in mind when reviewing a set of financial statements. However, fully answering many of these questions requires additional information from a school district's management.

A common method used to disclose such information to readers is to supplement the audited financial statements with a *financial statement discussion and analysis* (FSD&A) from management. This supplementary financial reporting gives the entity's management a means of explaining the financial statement results to all readers in a consistent manner. The FSD&A attached to the financial statements is unaudited, however the auditor does ensure that commentary within the FSD&A is consistent with the audited financial statements.

Guidance for Preparing a Financial Statement Discussion and Analysis

As part of its mandate, the Public Sector Accounting Board (PSAB) developed a statement of recommended practice to assist public sector entities with the development of FSD&A reporting. The statement of recommended practice provides a general framework for determining the most relevant information to report. A high level summary of the guidance is provided in Exhibit 1. This exhibit should assist government, board members and other stakeholders with understanding what management should be reporting to readers when explaining the financial statements.

The statement of recommended practice provides management with more detailed guidance for specific financial statement elements.

Exhibit 1: Summary of SORP 1: Financial statement discussion and analysis recommended practice

Financial report components

- the entity's financial report should include an FSD&A along with the audited financial statements. The FSD&A should be cross-referenced to the audited financial statements.
- the entity should include a statement acknowledging its responsibility for preparing the FSD&A.

Qualitative characteristics

The FSD&A is meant to enhance readers' understanding of the entity's financial position and changes in financial position. To do this, this report must have the following qualitative characteristics:

- information must be presented in a way that is understandable to a general audience;
- information presented must be relevant for decision-making or assessing accountability;
- information presented must be consistent with the financial results contained in the audited financial statements; and
- the current and historical information presented throughout the report must be prepared on the same basis to enable comparability.

Key components of a FSD&A

The FSD&A should provide the following supplementary reporting to enhance readers' understanding of the financial statements:

- a summary of the significant events affecting the financial statements;
- analysis that explains the reasons for significant variances between planned and current year actual results;
- analysis that explains the reasons for significant variances between current and prior year results;
- analysis of significant trends (multi-year analysis) for specific financial statement elements; and
- information on known significant risks to, and uncertainties associated with, the entity's financial position and changes to financial position, along with a discussion of the entity's approach to managing the identified risks.

Strategic Planning

(Implementation by June 30, 2018)

All school districts should undertake a strategic planning process that culminates in the development of a specific vision and a long-term (i.e. three to five years) strategic plan. Management should have responsibility for developing the plan under the direction of the Board. Specifically, the Trustees should:

- provide direction to management on their long-term vision and expected direction for the school district;
- review and provide feedback on the draft plan prepared by management;
- formally approve the plan; and
- communicate the strategic plan to all stakeholders.

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.

Finally, the renewed vision and strategic plan should be a guiding force in the development of the annual budget,

including ongoing monitoring of financial performance.

It is expected that the financial framework of the school district supports achievement of enhancing student learning. Clear linkages should exist between the budget and school district student achievement goals. This will necessitate development of key performance metrics outlined in the Board of Education's strategic plan.

Risk Assessment / Management

(Implementation by June 30, 2018)

All school districts should complete a comprehensive risk assessment, including an understanding of risk mitigation activities in place. Over a longer period of time (i.e. three to five years), more advanced Enterprise Risk Management (ERM) practices should be adopted.

Risk assessment and the managing of risks presents opportunities for shared service delivery.



Toolkit for Boards of Education Financial Health & Other Questions

Financial Health Questions

- Financial Health Indicators
- Questions to ask about Financial Information
- Questions that Audit Committees or Boards of Education should be asking
- 20 Questions for Boards of Education to ask about Budget Development and Expenditure Monitoring
- List of Common Terms

Last updated February 27, 2017

Financial Health Indicators

It is not only enough to review and understand the financial statements of a school district, but to also know if the district is actually fiscally fit. This can be determined by looking at certain metrics within the financial statements, looking at these metrics over time and comparing metrics to other school districts in the province.

Statement of Financial Position Metrics

- ❑ **Changes in Net Assets (Net Debt)** – Understand how this is increasing or decreasing over time. Also, remember that a Net Debt position does not necessarily mean financial difficulty, but it is important to understand the meaning behind the numbers. Amortization of Tangible Capital Assets could be responsible for a Net Debt position.
- ❑ **Liquidity** – is measured by taking Financial Assets that are current in nature, less Liabilities that are current in nature. A liquidity ratio of greater than one is desirable. This means that the district has the ability to pay current liabilities as they are due. A liquidity ratio of less than one indicates that the district may have to borrow to meet short term obligations. Liquidity = flexibility. A higher liquidity ratio means that the district has the ability to better respond to rapidly changing circumstances.
- ❑ **Cash Asset Ratio** – is calculated by adding Cash and Cash Equivalents and dividing by total Current Liabilities. The Office of the Comptroller General of BC indicates that the optimal ratio is greater than 1.
- ❑ **Accumulated Surplus from Operations and Expenditures** – is a measure that takes Accumulated Surplus from

Operations (ASO), which is the school district's accumulated revenue in excess of expenses over time, and is compared to expenditures to determine the district's ability to react to emergent situations and the ability to fund special initiatives. Should the Accumulated Surplus from Operations include School Generated Funds, the School Generated Funds could be deducted prior to making this calculation.

Looking at a school district's financial health metrics over time will help you determine if the district is heading in a financial pattern that may put the district at risk of achieving its strategic priorities in the future. We want to make sure we are taking care of today's students.

- ❑ **Working Capital Per Student** – Working capital is the amount of money available after discharging all of the district's liabilities and is calculated by taking financial assets less liabilities. Working capital allows the district to meet emergent needs and new initiatives. Working capital is compared to student enrolment to determine the amount of funds available per student that could be spent in the future.
- ❑ **Changes in Capital Assets** – Compare the net book value to historical cost of capital assets. School district's build new school facilities and purchase vehicles and equipment. The cost of these items when built or purchased is called the historical cost. These capital assets are depreciated (amortized) over their useful lives. For example, a maintenance truck purchased is considered to have a useful life of 10 years; therefore the value will be amortized over a ten year period. It is expected that a vehicle will likely have

to be replaced after ten years (although it may still remain in service for an additional 5 years). The percentage of Net Value to Historical Cost illustrates how new a district's assets are. A relatively high % indicates newer assets, whereas a lower % indicates older assets. The concern with a low ratio is that capital assets may not be replaced on a regular basis, which may be an indication of potential health and safety issues, or a significant cost in the future to replace capital assets.

- ❑ **Capital Reserves per Student** – School districts put money into capital reserves for the future replacement of capital assets. Capital Reserves per student indicates the amount of capital reserves on a per student basis.

Statement of Operations Metrics

A review of annual operations:

- ❑ **Changes in Revenue over time** – a review of how revenue has decreased or increased in the last 5 years.
- ❑ **Changes in Expenditures over time** – a review of how expenditures have decreased or increased in the last 5 years.
- ❑ **Changes in yearly surplus (deficit) from operations** – has the district had large swings, has this been deliberate or has there been special circumstances leading to these variations from year to year.
- ❑ **Changes in the % of operational costs** – review of the % of operational costs spent on salaries and benefits and how fixed versus variable costs have changed in areas such as Operations and Maintenance and Student Transportation.

The above metrics should be reviewed as part of the year-end financial statements.

Questions to ask about financial information

There are a number of questions that could be asked about financial information that is presented here. Some of these questions will be related to exercising fiduciary duty, related to the financial health of the school district, and other questions will relate to understanding the numbers presented in the financial statements.

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Year-End Financial Statements

Statement of Financial Position

- ✓ Why is there a significant decrease in the school district's cash position from the previous year?
- ✓ Is restricted surplus fully supported by financial assets?
- ✓ Why is there an accumulated operating deficit? Is there a plan to extinguish the deficit within one year? What is the plan?
- ✓ Why does the school district have Net Debt? Is there a long term concern to the operation of the school district?
- ✓ Are there adequate operating, special purpose and capital funds for future projects and services, or will borrowing be

required (either short term or long term)?

- ✓ What is included in Local Capital? What plans are in place for these funds?
- ✓ Are there sufficient resources to replace tangible capital assets nearing the end of their useful life?
- ✓ Why is Deferred Revenue such a large dollar value? What does Deferred Revenue consist of?
- ✓ Why is Unearned Revenue such a large dollar value? What does Unearned Revenue consist of? How does Unearned Revenue differ from Deferred Revenue?
- ✓ What is in the Accumulated Surplus, and what portion of the surplus is 'unrestricted'?

- | | |
|---|---|
| <ul style="list-style-type: none"> ✓ Why does the Statement of Financial Position not balance? | <ul style="list-style-type: none"> litigation or potential litigation that may have an impact on future operations? |
| <ul style="list-style-type: none"> ✓ Are there any investments that may be at risk of losing their value? Are our investments invested in accordance with our investment policy? | <ul style="list-style-type: none"> ✓ Is there a plan in place for the use of Accumulated Operating Surplus? Are there future operating implications to take into consideration? |
| <ul style="list-style-type: none"> ✓ What is included in Accounts Receivable? Are there significant amounts owed to the school district that may be at risk? | <ul style="list-style-type: none"> ✓ What is Public Sector Accounting Standards (PSAS) and how are these different from prior accounting standards used in the financial statements? |
| <ul style="list-style-type: none"> ✓ Is the school district involved in any | |

Statement of Operations

- ✓ Why is there a significant variance to budget in revenues and/or expenditures for this year?
- ✓ What is Other Revenue and rentals and leases revenue comprised of?
- ✓ Is spending on Administration reasonable given the nature of the school district, and how does spending compare to other school districts?
- ✓ Are there any contractual obligations that may impact future operations?
- ✓ What is the amount of School Generated Funds (SGF)? How has the reporting of SGF changed and why?

Auditor Communication

- ✓ What is a "clean" audit opinion and is the Audit Report a clean opinion? If not, and is a qualified opinion, what steps is management taking to avoid the qualification in future years?
- ✓ Are there any issues or concerns in the Auditor's Management Letter that need to be mitigated or addressed? How is management planning to address these issues and concerns?
- ✓ What is your assessment of the internal control systems in place?
- ✓ Have all audit recommendations been addressed by management and if not, why not?

Quarterly Updates

- ✓ What is the explanation of significant variances?
- ✓ Are there variances that are beyond the school district's control? (i.e. in year funding adjustments?)
- ✓ What assumptions are projections to year-end based upon? Are they realistic?
- ✓ Is there need for action related to the school district's operations to address any variances or projections to year-end?
- ✓ What budget information is being used for comparative purposes and why?
- ✓ What is the status of capital projects? Are these projects on time and within budget? Are there unsupported costs that the school district needs to cover and if so from what source of funds?

Financial Health Indicators

- ✓ Does our Statement of Operations metrics indicate a decline in financial health that needs to be addressed? Do we have a plan in place to improve the financial health of the school district?
- ✓ How are we planning for the replacement of capital assets? What is the status of our capital reserves?
- ✓ Is there a concern with a continuous declining trend in Accumulated Surplus from Operations? If we have a continuous increasing trend in Accumulated Surplus from Operations, is there a plan in place to utilize these funds?
- ✓ How does our district compare to the financial health of other similar districts?

Questions that Audit Committees (or Boards of Education) should be asking

Listed below are some questions that an audit committee (or a Board of Education) should be asking to ensure they are appropriately providing fulsome fiscal oversight for the school district.

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Suggested questions to ask your Auditor

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 to ask your 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?
6. What is our risk profile as an organization? What is the school district doing to mitigate any risks?

Questions to ask either the Auditor 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?

Points of focus:

- Quantitative factors
 - Considerations relating to individual vs. aggregate misstatements – key line items
 - Consideration of whether authoritative literature exists supporting the accounting in question
6. Were significant adjustments made to the financial statements as a result of the audit?
 7. 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?
 8. In connection with the auditor's summary of uncorrected audit misstatements, are there significant matters we should discuss?

Points of focus:

- Nature and magnitude of items and how they arose
- Types of differences (i.e. known or “hard” errors vs. differences in estimates between management and auditor)
- Noticeable trends, such as recurring items from year to year, bias to overstatement, understatement
- 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
- Intentional misstatements
- Management's rationale for not recording (e.g. high cost to correct)
- Management's and auditor's rationales

for concluding items are immaterial

- Items with potential to be material in the future
- Management's plans to eliminate or minimize items and misstatements
- Unresolved recommendations from the audit or internal control weaknesses

9. How do the financial statements and underlying accounting compare with the prior year in terms of consistency?
10. Have there been major business transactions or events requiring significant accounting judgements as to financial statement accounting and disclosure?

Points of focus:

- Unusual or complex transactions
- Litigation – asserted and un-asserted claims
- Non-compliance with laws and regulations

- Related party transactions
11. 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?

Points of focus:

- Significant reserves established or reversed
- Large or unusual deferral of costs or accrual of liabilities
- Decisions regarding the proper classification of items, such as operating vs. non-operating, ongoing vs. discontinued operations
- Gross vs. net presentations on the statement of operations
- Adjustments related to prior periods
- Changes in accounting policy, such as for revenue recognition

- Changes in accounting methods
 - Changes in accounting estimates or underlying assumptions
12. Were there serious problems in preparing the financial statements?

Points of focus:

- Internal control problems
 - Systems problems
 - Insufficient staff or staff turnover in the financial function
13. How does the school district communicate with the general public? What does it do to ensure the quality of these communications?
14. Have outside parties voiced concern about the school district's accounting practices?
15. Are there any other matters that should be disclosed regarding the quality of financial reporting?

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

This is a summary of good practice principles and elements of budgeting and expenditure monitoring. Boards of Education may find this useful as a self-assessment tool to gauge the level of its practices, and areas where improvements may be needed.

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Questions	Answers and Follow-up
Developing and communicating strategic plans	
<ol style="list-style-type: none"> 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? 	

Developing appropriate budgets	
<ol style="list-style-type: none"> 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 mitigation strategies? 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? 	

Monitoring and reporting on budget performance	
<ol style="list-style-type: none"> 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? 	

<p>12. Are we getting timely, reliable information on spending compared to plans?</p> <p>13. Are we getting timely and reliable information on actual and forecasted costs, including spending pressure points?</p> <p>14. Are we getting budget reports in advance of meetings that help us monitor management's financial performance?</p> <p>15. Are we set up to make timely decisions to adjust operational and capital spending plans as required?</p> <p>16. Are we effectively engaging and communicating with our stakeholders about our budget performance and rationale for changes?</p>	
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Effective spending controls

<p>17. Can management demonstrate to us that controls in place for information provided on actual costs is accurate, and reflects the most recent transactions?</p> <p>18. Do we have confidence that the controls over expenditures, especially areas with the highest budgetary impact, such as salaries, are adequate and effective?</p> <p>19. Are we comfortable with the current checks and balances to limit expenditure authorities, with the right balance of control and flexibility?</p> <p>20. Can management demonstrate to us that there is adequate segregation of duties in the district to reduce the chance of fraud and errors?</p>	
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List of Common Terms

Accounts Payable – includes amounts owing to external parties for goods and services where a liability exists, but has not yet been paid. Accrued liabilities are also included where payment for goods or services is not required until future reporting periods.

Accounts Receivable – funds owing to the school district.

Accumulated re-measurement gains and losses – the change in value of assets due to current exchange rates or fair market value.

Accumulated Surplus – the accumulated surplus is the primary indicator of the financial resources that the school district has available to provide future services. It consists of both cash and non-cash components. It is achieved by spending less than the revenue it earns.

Accumulated Surplus from Operations – both unrestricted and restricted operating surplus funds.

Amortization – the systematic allocation to expenses of the historical cost of a tangible capital asset over its useful life.

Unspent Deferred Capital Revenue and Local Capital – funds set aside for

future capital purchases to be funded by the school district.

Cash and Cash Equivalents – cash and short term investments (held less than three months) that have insignificant risk for change in value.

Work in Progress – tangible capital assets under construction at the end of the fiscal year that have not been put into service, such as new school facilities.

Debt – includes debt incurred directly by the district. Debt includes short term borrowing or lines of credit to meet current operating expenditures, debentures, capital loans, mortgages, and capital leases.

Deferred Revenue – includes funds received from external parties for capital or operating purposes that are restricted for a particular use.

Employee Future Benefit Liabilities – includes post-employment benefits, compensated absences (such as accrued sick, holiday and banked time leave) and termination benefits.

Endowments – cash or investments held in which the principal may not be expended as stipulated by the contributor.

Financial Assets – these are comprised of cash or items that will eventually be turned into cash and be used to discharge the district’s liabilities or provide resources for future programs and services.

Liabilities – amounts owing by the school district.

Net Financial Assets (Net Debt) – Net Financial Assets represents the financial resources available after discharging the school district’s liabilities. In many cases a school district will show a Net Debt position on the statement of financial position. A net debt position does not necessarily mean the school district is in financial difficulty.

Non-Financial Assets – represents assets that are used in the operation of the school district for the provision of services and are not readily converted to cash resources.

Notes to the Financial Statements – provides additional required information to assist users of the financial statements in understanding the basis of preparation of the financial statements and further enhance the understanding of the financial position of the school district.

Other Non-Financial Assets – other assets that are not readily convertible to cash such as inventories held for consumption (ie. supplies).

Portfolio Investments – Investments that are held for longer than 3 months. May include equity or debt instruments.

Prepaid Expenses – goods and services that have been purchased for a subsequent financial period and are not readily converted to cash resources.

Public Sector Accounting Standards (PSAS) – is a set of financial reporting standards to ensure consistency of reporting across government entities. The SUCH sector (Schools, Universities, Colleges, and Hospitals) are required to report financial information under these standards.

Statement of Operations – reports on revenues, expenses and the results of the fiscal year. This statement includes budget figures, current year and prior year(s) results.

Schedule of Capital Operations – this schedule provides information on externally restricted capital revenue provided to the school district for the acquisition of tangible capital assets where there is an obligation of the school district to acquire and use the asset for a substantial portion of its life.

Schedule of Changes in Accumulated Surplus (Deficit) – this schedule provides information about the school district’s activities that resulted in an increase or decrease in accumulated

surplus. It breaks down all the components of the accumulated surplus.

Statement of Cash Flows – this statement identifies where cash came from and where it is used. It highlights operating, capital, financing and investing transactions that impacted the cash of the school district.

Statement of Changes in Net Financial Assets (Debt) – this statement presents information to understand the changes in financial assets and liabilities.

Statement of Financial Position – is a statement that reports on the financial and non-financial assets that the school district owns or controls, liabilities which are amounts owed by the school district, and the accumulated surplus which remains after the assets have been used to meet the liabilities.

Schedule of Operating Operations – this schedule provides a summary of revenues and expenses allocated to programs by type and expenditures by type for each program area.

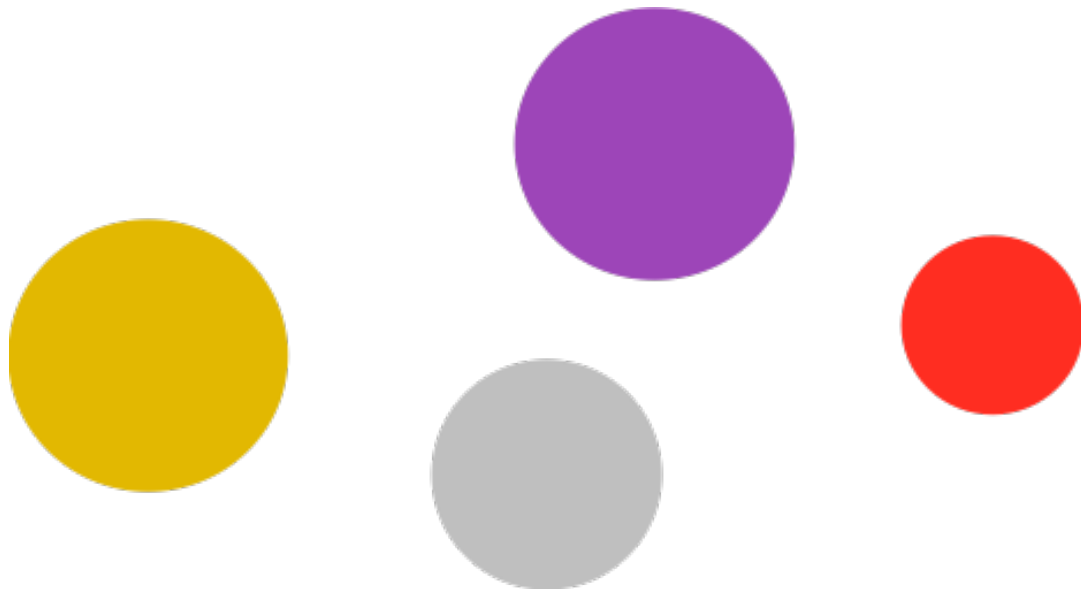
Statement of Remeasurement Gains and Losses – this statement provides the changes in value of financial assets and liabilities due to the remeasurement of their value to current exchange rates or fair value.

Schedule of Special Purpose Operations – this schedule provides a

summary of revenues and expenses allocated to programs where the revenues received are a “restricted contribution”. Restricted contribution means a contribution that is subject to a legislative or contractual stipulation or restriction as to its use other than a contribution or part of a contribution that is of, or for the purpose of acquiring, land.

Tangible Capital Assets – is the cost of assets less accumulated amortization of assets. This represents the assets’ net book value to the school district.





Toolkit for Boards of Education Accumulated Operating Surplus

- What is an Accumulated Operating Surplus?
- Establish an Accumulated Operating Surplus Policy
- Accumulated Operating Surplus is an Indicator of Financial Health
- Categorization of Internally Restricted Accumulated Operating Surplus
- Accumulated Deficits
- Taxpayer Accountability Principles

Last updated February 27, 2017

Purpose of this document

All Boards of Education should discuss and approve a surplus policy that guides future years' inter-fund transfers, and ensure that stakeholders are aware of the policy and understand what it means.

It is the Ministry's expectation that this policy will be developed during preparation of the 2017-18 budget and the policies will be approved by the Board of Education no later than September 30, 2017. This will ensure that the policies are providing guidance for the 2017-18 school year.

The Taxpayer Accountability Principles referenced below provides some of the accountability framework Boards of Education must work within. Other components of the accountability framework include the *School Act* and Public Sector Accounting Standards.

For additional guidance, refer to *Ministry of Education expectations of Boards of Education regarding Financial Governance and Accountability*.

What is an Accumulated Operating Surplus?

'Accumulated Operating Surplus' is a term defined by the Public Sector Accounting Standards (*PS1201*).

While Boards of Education may colloquially use the term Reserves to denote 'Surplus', when it comes to financial statements and budgets the term Surplus *must* be used.

Unique to other organizations in the public sector, school districts are permitted to incur annual deficits as long as they have sufficient accumulated surplus to cover the annual deficit. An accumulated surplus indicates that a school district has net resources that can be used to provide future services. It is achieved by spending less than the revenue it earns. The Board may approve restrictions on spending of the surplus. Boards of education are required by legislation to prepare balanced annual budgets, which may include use of prior year accumulated surplus.

Boards are required to prepare a balanced budget where board revenues plus any appropriated surpluses fully fund the following:

- annual operating expenses,
- annual special purpose fund (SPF) expenses,

- annual capital fund expenses,
- tangible capital asset acquisitions (from Operating, Special Purpose Funds and Local Capital),
- planned reduction of unfunded liability for employee future benefits, and
- any planned reduction of prior years' deficits.

It is important to note that although accumulated surpluses can be a source of cash for spending, it cannot sustain on-going services. The ability to carry forward unspent operating funds helps school districts budget and spend their annual operating grants more effectively. School districts also have the ability to plan and sustain services for a period longer than one year because of the accumulated operating surplus.

School districts are encouraged to provide information in the Notes to the Financial Statements, itemizing what internal restrictions they may have placed on the accumulated operating surplus. Additional narratives explaining how the funds were accumulated and what the ongoing plan is for the use of these accumulated surpluses, in addition to how the surplus supports achievement of the school district's

goals can be prepared and presented in a document known as a Financial Statement Discussion and Analysis (FSD&A).

For additional guidance on preparing a FSD&A, refer to *Ministry of Education expectations of Boards of Education regarding Financial Governance and Accountability*.

Improved reporting of accumulated operating surplus would explain the annual operating results and the plans to spend the accumulated operating surplus balances.

A number of questions should be considered by boards of education.

- Do the surplus balances indicate efficiency of spending, good practice of monitoring and managing the day-to-day finances, good planning or a sector that is not utilizing all services to support our students?
- Does our funding allocation structure support good practices?

- Is there a need to better understand the effect of changes in spending on student outcomes?
- Do the current funding levels reflect the deferred maintenance of buildings or the changes in educational programming?
- Is there too much reliance on local revenues?

How do the answers to these questions affect the levels of administration and operating reserves?

The sector needs to be in a position to be transparent and complete with the information provided so that the story of spending in public education is well understood and the above questions can be answered.

Establish an Accumulated Operating Surplus Policy

Boards of education 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.

Having common descriptors of Internally Restricted Operating surplus should help comparability amongst school districts. In addition, regular assessments of each operating surplus item to determine if the amount is still valid.

Assessments should include reviews of historical usage of operating surplus items. Amounts should not be internally restricted that will not likely be spent in the near term. For example, school and department

carry-forwards, supplies balances, and future year budgets beyond the next three fiscal years.

Accumulated Operating surplus should not be transferred to Local Capital without supporting detail of what capital projects these Local Capital funds will be spent on. Until such time as the funds can be identified for a specific Local Capital funded project, the funds should be retained in accumulated operating surplus.

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.

Accumulated Operating Surplus is an Indicator of Financial Health

One of the key indicators of the financial health of an organization is the accumulated operating surplus. The BC Office of the Auditor General in their Report – Understanding Canadian Public Sector Financial Statements (June 2014) defined accumulated operating surpluses as:

FINANCIAL PERFORMANCE MEASURE: ACCUMULATED SURPLUS OR DEFICIT

The accumulated surplus or deficit represents the net recognized economic resources (all assets and liabilities) of the entity at the date of the financial statements. This measure provides the net economic position of the entity from all years operations at a point in time.

The accumulated surplus or deficit is comprised of all of the past:

- *operating surpluses or deficits; and*
- *remeasurement gains and losses.*

When total assets exceed total liabilities, the entity is in an accumulated surplus position. An accumulated surplus position means that the entity has net positive resources that, subject to direction of the government or governing board, could be used to provide future services. However, when an entity is in an accumulated deficit position (total liabilities exceed total assets), the entity must fund past transactions and events from future revenues. An accumulated operating deficit position means the entity has borrowed to finance annual operating deficits.

The Auditor General report outlines the following question as important to ask:

Is the accumulated surplus or deficit of the entity increasing or decreasing, and how strong is the overall financial position of the entity?

It is important to understand the balance between the entity's historic revenue generation and its service delivery. This means looking at current trends to see whether the financial position (the

accumulated surplus or deficit) is increasing or decreasing, as well as the overall strength of the financial position in which these results occurred. An entity in a strong accumulated surplus position may be able to incur annual deficits for a longer period of time than an entity in a weaker financial position (i.e., accumulated deficit position). The strength or weakness of the accumulated surplus or deficit position is determined by the ratio of assets (financial and non-financial) to liabilities. The ratio of assets to liabilities is one of the sustainability financial condition indicators recommended in SORP 4.

For more information on indicators of financial condition, refer to PSAB *Statement of Recommended Practice (SORP 4) – indicators of financial condition*. SORP 4 provides guidance to entities when reporting supplementary information on the financial condition of the entity including possible sustainability, flexibility and vulnerability indicators.

Categorization of Internally Restricted Accumulated Operating Surplus

Reviewing each district's 2014/15 and 2015/16 accumulated operating surplus, we can see common 'themes' of the descriptions used for internally restricted operating surplus. Overall, almost 90% of internally restricted items are for activities that span the current school year, including contingency reserves. Appendix II – Categorization of Internally Restricted Accumulated Operating Surplus by School District, details each district's surplus by a common theme.

Overall, there are four categories of Accumulated Operating Surplus:

- Internally restricted due to nature of constraints on the funds (funds with external restrictions are to be included in Special Purpose Funds)
 - Contractual obligations (i.e. professional development)
 - Aboriginal education
 - School Generated Funds (not included on Schedule 3A)
 - Education Plan
 - Donator named funds
- Internally restricted due to anticipated unusual expenses identified by senior management
 - Exempt staff compensation
 - Staffing and labour relations
 - Employee benefits
 - NGN implementation
 - Anticipated severance
 - Contingency reserve
- Internally restricted due to operations spanning the school year
 - Future years' Operations/Budget (not beyond the next three fiscal years)
 - Schools and Department surpluses/carry-forwards (not beyond the next three fiscal years)
 - Operating projects in progress
 - Technology, utilities, equipment and Capital projects (includes amounts to be transferred to Local Capital, but have not yet been identified for specific initiatives)
 - Purchase order commitments

- Distributed learning, summer school, International Program
 - Strategic planning, school reconfiguration
- Unrestricted operating surplus (includes funds that may be used in budget years beyond the next three fiscal years)

Accumulated Deficits

Unique to other organizations in the public sector, school districts are permitted to incur annual deficits as long as they have sufficient accumulated surplus to cover the annual deficit.

A board of education may not plan to incur an accumulated deficit (i.e. insufficient accumulated surplus to cover the annual deficit) when setting its budget for the next school year. School districts may, however, occasionally find themselves in circumstances during the school year where an accumulated deficit is anticipated. Under section 156 (12) of the *School Act*, a school district must then seek the approval of the Minister of Education to incur a deficit.

Under current Ministry of Education policy, a request to incur an accumulated deficit will only be approved if it is submitted by the Board Chair, or on a motion from the board of education, and only if the board can explain why the accumulated deficit has been incurred. The board must not have a history of multi-year accumulated deficits, must have retired any previous accumulated deficits as required, and must:

- indicate that the accumulated deficit was unforeseen
- provide a reasonable explanation for why the accumulated deficit will be incurred
- demonstrate that the accumulated deficit will be repaid within one year
- indicate that the accumulated deficit is under a set percentage (1%) of budgeted expenditures
- have appropriated, to the current year, all accumulated operating surplus from prior years
- submit a deficit retirement plan.

If the Minister were to approve an accumulated deficit prior to having the audited figures, the amount approved may either be too high or if too low the district would have to re-submit their request.

Should a school district not meet the above criteria, the Minister may seek more information in order to consider the Board's request. Approval will be considered on a case-by-case basis if the circumstances are exceptional and extenuating.

Until such time as the audited financial statements are completed, and the total actual accumulated deficit is known, the Minister will suspend a decision to approve, or not approve, the accumulated deficit.

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, superintendents and senior administrators should receive training on the expectations of TAP and the expectations established by TAP should be incorporated into the school district's Code of Conduct.

These principles support establishment of policies at the school district for establishing a reasonable level of accumulated surplus, being accountable for decisions made in establishing and using surplus, and transparency in the reporting of accumulated surplus.

Implementing the concepts of the *Taxpayer Accountability Principles* may require additional capacity, which includes sufficient staffing with appropriate expertise. This may require incremental investments in administration.

The six principles are:

- 1. Cost consciousness (Efficiency)** Strengthen cost management capabilities and foster a culture of cost-consciousness at all levels of public sector organizations. Provide public services and programs as efficiently and effectively as possible to "bend the cost curve" and support sustainable public policies and programs as a lasting legacy for generations to come.
- 2. Accountability** Transparently manage responsibilities according to a set of common public sector principles in the best interest of the citizens of the province. By enhancing organizational efficiency and effectiveness in the planning, reporting and decision making, public sector organizations will ensure actions are aligned with government's strategic mandate.

- 3. Appropriate Compensation** Comply with a rigorous, standardized approach to performance management and employee compensation, which reflects appropriate compensation for work across the public sector that is consistent with government's taxpayer accountability principles and respectful of the taxpayer.
- 4. Service** Maintain a clear focus on positive outcomes for citizens of British Columbia by delivering cost-efficient, effective, value-for-money public services and programs.
- 5. Respect** Engage in equitable, compassionate, respectful and effective communications that ensure all parties are properly informed or consulted on actions, decisions and public communications in a timely manner. Proactively collaborate in a spirit of partnership that respects the use of taxpayers' monies.
- 6. Integrity** Make decisions and take actions that are transparent, ethical and free from conflict of interest. Require the establishment of a strong ethical code of conduct for all employees and executives. Serve the citizens of British Columbia by respecting the shared public trust and acting in accordance with the taxpayer accountability principles.



Taxpayer Accountability Principles: Strengthening Public Sector Governance and Accountability

June 2014



Executive summary

Provincial public sector organizations in B.C. will operate under new taxpayer accountability principles that strengthen accountability, promote cost control, and ensure the corporations operate in the best interest of taxpayers. The new Taxpayer Accountability Principles will be enshrined into the operation of provincial public sector entities:

- cost consciousness
- accountability
- appropriate compensation
- service
- respect
- integrity—including a requirement to establish a strong ethical code of conduct for all employees and executives.

The Crown corporation reviews and core reviews conducted to date have identified opportunities to enhance public sector governance and increase public sector accountability to taxpayers. These principles will be built into the ongoing business of the public sector entities to ensure the decisions they make reflect the priorities and values of government and their shareholders—the citizens of B.C.

The principles recognize that public sector organizations have a higher accountability to the taxpayer—above and beyond the traditional fiduciary duty to the organization.

Key actions that will flow from the new principles include:

- New mandate letter agreed and signed by all board members.
- New accountability requirement to evaluate and report to the minister against the taxpayer accountability principles.
- New deputy minister accountability to develop a strategic engagement plan with the public sector organizations.
- Orientations about the taxpayer accountability principles and expectations for ministers, public sector boards, DMs, CEOs and public sector staff.
- Simplified mandate letters and service plans that clearly align with the taxpayer accountability principles and government's strategic mandate.

Scope and application

The taxpayer accountability principles apply to all provincial public sector organizations, including Crown corporations, health authorities and post-secondary institutions. Policy is being developed and is imminent for other public sector organizations and entities with which the provincial government has a contractual or service-delivery relationship such as BC Ferries and TransLink, even though they are and will remain outside the Government Reporting Entity.

Stronger governance in B.C.'s public sector

The Government of British Columbia is working to strengthen the economy and create more jobs to secure the future for its citizens.

This requires constant focus on maintaining a cost-conscious and principled culture, and the efficient delivery of services that stand the test of public scrutiny and help develop a prosperous economy in an environmentally sustainable manner. The foundation of this work is the government's commitment to controlling spending and balancing the budget.

In 2011, government announced it would review all Crown corporations to ensure taxpayers are protected and the interests of British Columbians are well served. These reviews have generated recommendations that are resulting in more effective governance, greater cost discipline and better alignment to government's strategic plan in the corporations subjected to the reviews. But these reviews also have broader lessons, both for other entities and government itself. These lessons, expressed as principles of public sector governance, will guide governance and operational decisions of British Columbia's public sector.

Through the implementation of taxpayer accountability principles, leadership teams in government organizations can support a change to a cost-conscious government that strengthens cost management capabilities and fosters a principled culture of efficiency and accountability at all levels.

The intention is to align government organizations' decisions and actions with the provision of government services that achieve the public policy objectives established by government on behalf of the citizens of British Columbia.

A principled framework for public sector governance

Government created policy guidelines for Crown corporations that, at the time, were considered to be leading edge in Canada. The *Budget Transparency and Accountability Act* provides the legislated accountability for service plans and annual reports in support of this framework.

Over time, the framework, guidelines and the annual Government Letters of Expectation have become routine in application, cluttered with administrative policy, and lacking in clear and measurable priorities. The original governance effectiveness has been diluted.

This lack of clear direction to guide principled decisions has led to decisions and direction by some public sector entities that appear inconsistent with the values of B.C. citizens and the priorities of government; the desired outcomes are not being delivered in a cost-conscious and principled manner. In some cases, the public has come to believe that some government entities are acting on their own behalf and represent the interests of their executive and management team, which demonstrates a lack of respect for the shareholder: the citizens and taxpayers of British Columbia. Board members and governors of public sector entities need to understand their role as representatives of the shareholder and their fiduciary duty to the citizens and taxpayers of the province.

Government organizations are not independent of scrutiny or unaccountable for the management of taxpayer dollars, particularly executive compensation and changes to public services without adequate consultation. Otherwise, public understanding and satisfaction with the government services deteriorates, affecting the overall shared trust in government.

Results of recent public sector entity reviews have revealed significant inefficiencies and a lack of understanding by the organizations with respect to the shared public trust and the shared public scrutiny between the government and the broader provincial public sector.

The reviews of BC Hydro, TransLink, ICBC and Community Living BC focused on areas where there was a lack of alignment with government's priority of cost containment and service delivery. The reviews revealed issues of significant growth in management, compensation, operating costs and challenges in meeting the need for cost-effective service delivery, in spite of the economic downturn. The reviews recommended that the boards set clear direction to institute a culture of cost consciousness and financial discipline across the organization.

There needs to be better understanding among provincial public sector entities of their role in achieving public policy, particularly with respect to providing quality service to customers (B.C. citizens) at a price that is cost-conscious. Government has taken a number of actions to address these challenges and revitalize its relationship with public sector entities:

- Implementing a new executive compensation framework for Crown corporations in July 2012, which supports a more consistent and rigorous approach to executive compensation in Crown corporations, aligned with government values.
- Establishing semi-annual Crown board chair meetings with the Minister of Finance to discuss government priorities.
- Holding formally established quarterly meetings between ministers, board chairs, deputy ministers and CEOs to discuss relevant and current corporation business, including reviewing achievement of the goals, objectives, performance measures, financial targets and risk assessments identified in the corporation's service plan.
- Furthering reviews of government organization compensation to address the need for a standardized rigorous approach that aligns with the common public sector principles and a stronger accountability framework for compensation across the public sector.
- Creating a Deputy Ministers Committee on Crown Corporations with a purpose of ensuring that the Crown corporations and other identified agencies are aligned with government priorities and that government's expectations, in its role as shareholder for the Crown corporations, are effectively and consistently communicated and acted upon.

There is still a need to establish stronger and clearer relationships across the whole public sector. This is required to promote strategic collaboration and ensure public funds are spent in a more responsible manner that meets the needs and expectations of their primary shareholder and steward of public resources: the government on behalf of the citizens of British Columbia.

New taxpayer accountability principles

This government intends to further strengthen accountability, improve the management of public funds, and revitalize the relationship between government and public sector organizations.

Increased communication with respect to government direction, accountabilities and alignment with strategic priorities will ensure:

1. Better understanding of the government's mandate, including fiscal responsibility.
2. Actions and decisions that are consistent with government's mandate and priorities.
3. A cultural shift in the broader public sector to drive a principled, cost-conscious approach to efficient public service delivery.
4. Board members act independently from the organization's executive and have the best interests of taxpayers and shareholder as their primary consideration.

The executive level of the public service has a key role in building these relationships, setting the tone and driving a cost-conscious, principled culture from the ministry to the broader provincial public sector.

All public sector organizations will adopt a common principled culture emphasizing cost consciousness and public accountability.

Taxpayer accountability principles

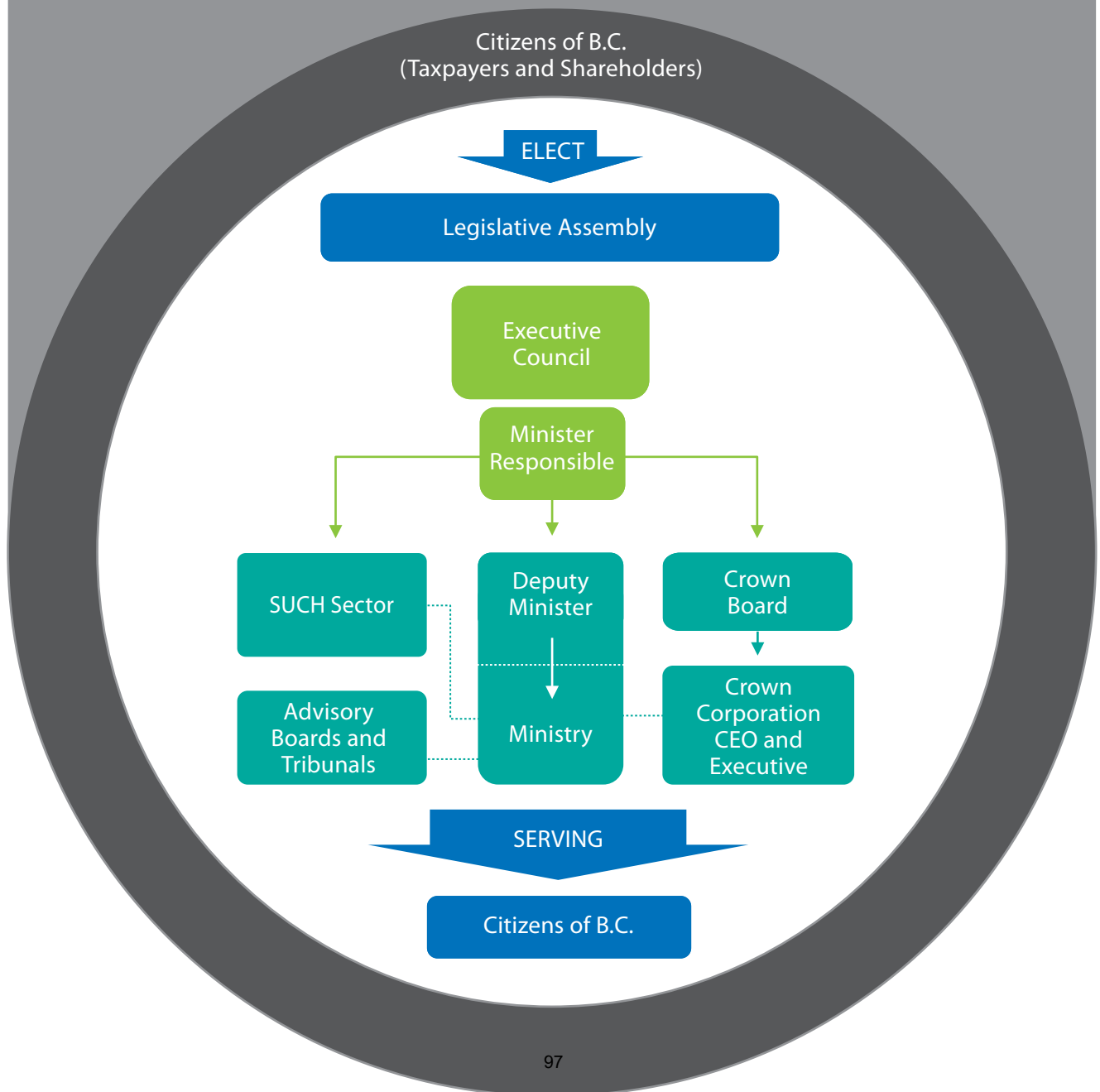
- | | |
|--|---|
| 1 Cost consciousness (Efficiency) | Strengthen cost management capabilities and foster a culture of cost-consciousness at all levels of public sector organizations. Provide public services and programs as efficiently and effectively as possible to “bend the cost curve” and support sustainable public policies and programs as a lasting legacy for generations to come. |
| 2 Accountability | Transparently manage responsibilities according to a set of common public sector principles in the best interest of the citizens of the province. By enhancing organizational efficiency and effectiveness in the planning, reporting and decision making, public sector organizations will ensure actions are aligned with government’s strategic mandate. |
| 3 Appropriate Compensation | Comply with a rigorous, standardized approach to performance management and employee compensation, which reflects appropriate compensation for work across the public sector that is consistent with government’s taxpayer accountability principles and respectful of the taxpayer. |
| 4 Service | Maintain a clear focus on positive outcomes for citizens of British Columbia by delivering cost-efficient, effective, value-for-money public services and programs. |
| 5 Respect | Engage in equitable, compassionate, respectful and effective communications that ensure all parties are properly informed or consulted on actions, decisions and public communications in a timely manner. Proactively collaborate in a spirit of partnership that respects the use of taxpayers’ monies. |
| 6 Integrity | Make decisions and take actions that are transparent, ethical and free from conflict of interest. Require the establishment of a strong ethical code of conduct for all employees and executives. Serve the citizens of British Columbia by respecting the shared public trust and acting in accordance with the taxpayer accountability principles. |

Implementing the common taxpayer accountability principles

Government will implement these common taxpayer accountability principles across the broader public sector. Taxpayers expect the agencies they fund with their tax dollars will adhere to the same standards of fiscal responsibility and transparency as the government they elect.

Action plan	Status
1 Government defines the taxpayer accountability principles that will apply to all public sector organizations. These principles, which will also require an ethical code of conduct, form the basis of an agreement between the government and public sector boards.	Complete and ready for implementation
2 The taxpayer accountability principles form the basis of an orientation about the government strategic mandate for all ministers, public sector board members, deputy ministers and CEOs. The orientation will promote understanding of the principles and will be signed by the participants. This will be an ongoing process and all new appointments will receive the strategic mandate orientation.	Principles will be enshrined in ministerial mandate letters in 2014-15
3 Government will provide guidance to public sector entities on standards of conduct, from which public sector organizations will develop comprehensive codes of conduct that will apply throughout their organization.	To be completed by November 2014
4 All public sector boards will annually receive new mandate letters from their minister responsible. All board members will sign the mandate letter and the letters will be posted publicly, enhancing their accountability to government's strategic mandate.	Transitional letters on the principles 2014-15; new mandate letters finalized for 2015-16
5 An annual Chair/CEO report letter with respect to the organization's performance concerning the mandate letter expectations to be established as a new accountability requirement.	Published with 2015-16 Annual Service Plan Reports
6 Regular meetings will be required between ministers and board chairs, and deputy ministers and CEOs that focus on performance against the taxpayer accountability principles, results and strategic decision making.	Quarterly meetings each fiscal year, starting 2014-15
7 Ministries, in collaboration with the organization, will develop an evaluation plan with specific efficiency and performance measures as determinants of the organization's health and performance, against the taxpayer accountability principles, which could include annual feedback from government.	First report to be published with 2015-16 Annual Service Plan Reports.
8 A new accountability established for deputy ministers to develop a strategic engagement plan with their public sector entities to work more effectively together and to hold the entity accountable for the outcomes and measurements identified by the minister responsible, in consultation with the respective board chair.	Accountability established for 2014-15 fiscal year
9 Public sector entities to undertake more comprehensive and appropriate communication, orientation and training regarding the accountability framework, the taxpayer accountability principles, roles and expectations for their boards and executive.	Execution expected in 2014-15
10 Institutionalize semi-annual board chair/CEO/DM meetings with members of the Executive Council.	Two meetings in 2014-15.
11 Service plans and process to be streamlined and simplified, resulting in stronger accountabilities, efficiency measures and clarified roles, to become a truly useful document that clearly and simply aligns with the taxpayer accountability principles and government's mandate, while maintaining reporting requirements of the BTAA.	To be completed in 2015-16.

Governance and Accountability in the Provincial Public Sector



6

Taxpayer Accountability Principles

EFFICIENCY | ACCOUNTABILITY | APPROPRIATE COMPENSATION | SERVICE | RESPECT | INTEGRITY

Executive
Compensation
Framework

Approved
Compensation
Plans

Annual
Disclosure

Standards of
Conduct

Organizational Code
of Conduct

Report on How Organization
is Meeting Principles

Two-way
Communication
with Government

Engagement
Plan, Regular
Meetings and
Orientation

Accountability
Mechanisms

Mandate
Letter

Annual
Chair/CEO
Report on
Mandate

Budget
Transparency
and
Accountability
Act

Service Plan
and Annual
Service Plan
Report

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2016

SD99	SD05	SD06	SD08	SD10	SD19	SD20	SD22	SD23	SD27
Provincial Composite	Southeast Kootenay	Rocky Mountain	Kootenay Lake	Arrow Lakes	Revelstoke	Kootenay-Columbia	Vernon	Central Okanagan	Cariboo-Chilcotin

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	2,782,888	94,869		93,620	190,000	122,295	130,805	356,106	184,788	
Aboriginal Education	4,866,519	113,098	9,831	200,170		26,412		169,892	255,768	159,720
School Generated Funds	4,500,950					148,118				
Education Plan	227,147	67,484				7,810				
Donator Named Funds	2,537,414					81,667				
Sub-Total	14,914,918	275,451	9,831	293,790	190,000	386,302	130,805	525,998	440,556	159,720

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation	445,125	290,125					155,000			
Staffing and Labour Relations	4,205,555						94,628			
Employee Benefits	1,279,542									
NGN Implementation	75,000									
Anticipated severance	0									
Contingency Reserve	2,893,030			500,000			370,000	1,000,000		1,023,030
Sub-Total	8,898,252	290,125	0	500,000	0	0	619,628	1,000,000	0	1,023,030

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	69,186,219		119,218		250,000		820,916	600,257		1,091,690
Schools and Department Surpluses/Carry-Forwards	39,642,419	530,376	1,975,132	56,822		72,796	283,511	247,442	587,977	1,009,180
Operating Projects in Progress	40,559,634	552,956	73,723	78,000		28,932			3,015,599	
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	17,536,049	210,200			115,670	95,375				
Purchase Order Commitments	2,756,843									
Distributed Learning, Summer School, International Program	1,677,687			76,000					171,380	
Strategic Planning/School Reconfiguration	1,901,086			1,189,579	200,000					
Other	111,661				33,150				20,723	
Sub-Total	173,371,598	1,293,532	2,168,073	1,400,401	598,820	197,103	1,104,427	847,699	3,795,679	2,100,870
Internally Restricted Operating Fund Surplus	197,184,768	1,859,108	2,177,904	2,194,191	788,820	583,405	1,854,860	2,373,697	4,236,235	3,283,620
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	49,947,008	382,302	242,013	0	644,273	268,775	0	0	1,327,224	454,808
Total Operating Fund Surplus (Deficit)	247,131,776	2,241,410	2,419,917	2,194,191	1,433,093	852,180	1,854,860	2,373,697	5,563,459	3,738,428

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2016

SD28	SD33	SD34	SD35	SD36	SD37	SD38	SD39	SD40	SD41
Quesnel	Chilliwack	Abbotsford	Langley	Surrey	Delta	Richmond	Vancouver	New Westminster	Burnaby

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)									
Aboriginal Education	13,155	333,647	124,385		389,021				
School Generated Funds				1,955,023		1,600,000			
Education Plan									
Donator Named Funds							2,335,270		
Sub-Total	13,155	333,647	124,385	1,955,023	389,021	0	1,600,000	2,335,270	0

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation									
Staffing and Labour Relations					200,000				
Employee Benefits									
NGN Implementation									
Anticipated severance									
Contingency Reserve									
Sub-Total	0	0	0	0	200,000	0	0	0	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)			559,558	5,038,260	6,282,717	1,308,616	2,000,000	8,670,374	500,000	6,400,000
Schools and Department Surpluses/Carry-Forwards	67,918	1,102,721	1,279,456	297,942	1,087,689	3,133,536	3,521,581	0	330,969	1,337,646
Operating Projects in Progress		1,970,000	5,249,099	750,000	8,076,927	2,914,271		0		
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)			375,000	1,250,000	3,510,027	920,934			350,000	
Purchase Order Commitments							195,215	0	611,795	80,000
Distributed Learning, Summer School, International Program		585,223						367,056		
Strategic Planning/School Reconfiguration					261,507					
Other										
Sub-Total	67,918	3,657,944	7,463,113	7,336,202	19,218,867	8,277,357	5,716,796	9,037,430	1,792,764	7,817,646
Internally Restricted Operating Fund Surplus	81,073	3,991,591	7,587,498	9,291,225	19,807,888	8,277,357	7,316,796	11,372,700	1,792,764	7,817,646
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	582,896	2,640,519	1,145,465	4,848,425	1,600,772	1,554,117	147,795	0	1,365,020	1,248,757
Total Operating Fund Surplus (Deficit)	663,969	6,632,110	8,732,963	14,139,650	21,408,660	9,831,474	7,464,591	11,372,700	3,157,784	9,066,403

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2016

SD42	SD43	SD44	SD45	SD46	SD47	SD48	SD49	SD50	SD51
Maple Ridge-Pitt Meadows	Coquitlam	North Vancouver	West Vancouver	Sunshine Coast	Powell River	Sea To Sky	Central Coast	Haida Gwaii-Queen Charlotte	Boundary

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	164,695				161,926		58,314	16,930		
Aboriginal Education	189,889					35,000	70,011			29,102
School Generated Funds							361,977			
Education Plan										
Donator Named Funds										5,363
Sub-Total	354,584	0	0	0	161,926	35,000	490,302	16,930	0	34,465

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation										
Staffing and Labour Relations			2,500,000					60,000		
Employee Benefits										
NGN Implementation								75,000		
Anticipated severance										
Contingency Reserve										
Sub-Total	0	0	2,500,000	0	0	0	0	135,000	0	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	2,967,512	1,150,967	1,200,479	1,554,342	1,175,210		414,299	942,403		250,000
Schools and Department Surpluses/Carry-Forwards	499,938	2,041,597	460,000		523,467		292,230	21,663		46,852
Operating Projects in Progress	807,612	7,171,000			628,208	417,500	49,464	45,000		62,940
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)										
Purchase Order Commitments	672,868	1,000,000	2,600,000			88,500	132,670	30,000		5,000
Distributed Learning, Summer School, International Program			235,000							
Strategic Planning/School Reconfiguration										
Other							33,798			
Sub-Total	4,947,930	11,363,564	4,495,479	1,554,342	2,326,885	506,000	922,461	1,039,066	0	364,792
Internally Restricted Operating Fund Surplus	5,302,514	11,363,564	6,995,479	1,554,342	2,488,811	541,000	1,412,763	1,190,996	0	399,257
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	0	(2,482,288)	1,860,610	1,098,205	538,098	809,744	258,588	284,845	1,711	1,079,341
Total Operating Fund Surplus (Deficit)	5,302,514	8,881,276	8,856,089	2,652,547	3,026,909	1,350,744	1,671,351	1,475,841	1,711	1,478,598

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2016

SD52	SD53	SD54	SD57	SD58	SD59	SD60	SD61	SD62	SD63
Prince Rupert	Okanagan Similkameen	Bulkley Valley	Prince George	Nicola-Similkameen	Peace River South	Peace River North	Greater Victoria	Sooke	Saanich

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	8,720								
Aboriginal Education	247,535	18,413	4,858	51,220	115,471				
School Generated Funds									
Education Plan									
Donator Named Funds				112,498					
Sub-Total	256,255	18,413	4,858	163,718	115,471	0	0	0	0

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation									
Staffing and Labour Relations		200,000	10,927						
Employee Benefits									
NGN Implementation									
Anticipated severance									
Contingency Reserve									
Sub-Total	0	200,000	10,927	0	0	0	0	0	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	0	119,948		2,851,877		1,623,084	1,876,280	7,710,764	
Schools and Department Surpluses/Carry-Forwards	202,488	105,685	72,981	6,510,719	364,548	487,069		5,735,930	711,831
Operating Projects in Progress	21,364	50,000		685,087	600,000		1,275,000	3,750,175	321,517
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	95,568	486,905		1,766,102	1,500,000	500,000	1,054,930		
Purchase Order Commitments								961,965	
Distributed Learning, Summer School, International Program									
Strategic Planning/School Reconfiguration									
Other									
Sub-Total	319,420	762,538	72,981	11,813,785	2,464,548	2,610,153	4,206,210	18,158,834	0
Internally Restricted Operating Fund Surplus	575,675	980,951	88,766	11,977,503	2,580,019	2,610,153	4,206,210	18,158,834	0
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	0	0	1,542,420	0	3,060,750	3,340,685	0	4,641,593	(573,046)
Total Operating Fund Surplus (Deficit)	575,675	980,951	1,631,186	11,977,503	5,640,769	5,950,838	4,206,210	22,800,427	(573,046)

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2016

SD64	SD67	SD68	SD69	SD70	SD71	SD72	SD73	SD74	SD75
Gulf Islands	Okanagan Skaha	Nanaimo-Ladysmith	Qualicum	Alberni	Comox Valley	Campbell River	Kamloops/Thompson	Gold Trail	Mission

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	27,991						156,636			
Aboriginal Education		141,586	219,109				413,470	581,195	104,780	16,247
School Generated Funds										
Education Plan										
Donator Named Funds										
Sub-Total	27,991	141,586	219,109	0	0	0	570,106	581,195	104,780	16,247

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation										
Staffing and Labour Relations			750,000				90,000			
Employee Benefits							10,000	986,632	282,910	
NGN Implementation										
Anticipated severance										
Contingency Reserve										
Sub-Total	0	0	750,000	0	0	0	100,000	986,632	0	282,910

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	217,000		1,640,000		1,005,601	421,494	1,891,000	2,082,292		
Schools and Department Surpluses/Carry-Forwards	33,889	274,786	294,777	132,741		51,257	164,802	1,453,094	264,622	136,456
Operating Projects in Progress		158,693	71,443			112,831	306,520			
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	32,000			230,000			230,000		187,528	
Purchase Order Commitments										
Distributed Learning, Summer School, International Program							396,858			
Strategic Planning/School Reconfiguration							250,000			
Other	17,990									
Sub-Total	300,879	433,479	2,006,220	362,741	1,005,601	585,582	3,239,180	3,535,386	452,150	136,456
Internally Restricted Operating Fund Surplus	328,870	575,065	2,975,329	362,741	1,005,601	585,582	3,909,286	5,103,213	556,930	435,613
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	599,481	45,535	2,249,021	642,415	0	0	3,217,618	60,608	0	1,090,795
Total Operating Fund Surplus (Deficit)	928,351	620,600	5,224,350	1,005,156	1,005,601	585,582	7,126,904	5,163,821	556,930	1,526,408

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2016

SD78	SD79	SD81	SD82	SD83	SD84	SD85	SD87	SD91	SD92
Fraser-Cascade	Cowichan Valley	Fort Nelson	Coast Mountains	North Okanagan-Shuswap	Vancouver Island West	Vancouver Island North	Stikine	Nechako Lakes	Nisga’a

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	25,544	3,552	6,946		19,531	20,067	900,000			
Aboriginal Education	356,000	86,683		113,092		10,693	40,000	221,310		
School Generated Funds										
Education Plan		151,853								
Donator Named Funds			2,616							
Sub-Total	381,544	242,088	9,562	0	113,092	19,531	30,760	940,000	221,310	0

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation										
Staffing and Labour Relations							300,000			
Employee Benefits										
NGN Implementation										
Anticipated severance										
Contingency Reserve										
Sub-Total	0	0	0	0	0	0	0	300,000	0	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)		800,000			1,184,854	390,000	613,106	130,461	1,331,640	
Schools and Department Surpluses/Carry-Forwards	554,367	48,600			195,747	63,373	90,182	31,960	677,959	
Operating Projects in Progress	10,073	260,114	7,897			200,000		560,000	122,689	
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	267,500	1,289	4,654			20,000		400,000		76,197
Purchase Order Commitments										
Distributed Learning, Summer School, International Program		81,170								
Strategic Planning/School Reconfiguration										
Other			6,000							
Sub-Total	831,940	1,191,173	18,551	0	1,380,601	673,373	703,288	1,122,421	2,132,288	76,197
Internally Restricted Operating Fund Surplus	1,213,484	1,433,261	28,113	0	1,493,693	692,904	734,048	2,362,421	2,353,598	76,197
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	3,869,780	815,385	229,827	0	0	398,966	441,957	624,022	0	30,817
Total Operating Fund Surplus (Deficit)	5,083,264	2,248,646	257,940	104	0	1,493,693	1,091,870	1,176,005	2,986,443	107,014

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2016

SD93
CSF

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	39,553
Aboriginal Education	5,756
School Generated Funds	435,832
Education Plan	
Donator Named Funds	
Sub-Total	481,141

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation	
Staffing and Labour Relations	
Employee Benefits	
NGN Implementation	
Anticipated severance	
Contingency Reserve	
Sub-Total	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	
Schools and Department Surpluses/Carry-Forwards	174,115
Operating Projects in Progress	155,000
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	
Purchase Order Commitments	
Distributed Learning, Summer School, International Program	
Strategic Planning/School Reconfiguration	
Other	
Sub-Total	329,115

Internally Restricted Operating Fund Surplus 810,256

Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years) 1,321,147

Total Operating Fund Surplus (Deficit) 2,131,403

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2015

	SD99	SD05	SD06	SD08	SD10	SD19	SD20	SD22	SD23	SD27
	Provincial Composite	Southeast Kootenay	Rocky Mountain	Kootenay Lake	Arrow Lakes	Revelstoke	Kootenay-Columbia	Vernon	Central Okanagan	Cariboo-Chilcotin
Internally Restricted due to nature of constraints on the funds: (Funds with external restrictions are to be included in Special Purpose Funds.)										
(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)										
Contractual Obligations (ie. Professional Development)	3,259,033	91,223		96,856	180,000	110,491	114,240	446,483	202,415	57,900
Aboriginal Education	4,692,859	118,556	6,781	195,823		33,577		184,021	97,154	109,206
School Generated Funds	4,832,354					120,817				
Donator Named Funds	2,800,248					59,591				
Sub-Total	15,584,494	209,779	6,781	292,679	180,000	324,476	114,240	630,504	299,569	167,106
Internally Restricted due to anticipated unusual expenses identified by Senior Management: (e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)										
Exempt Staff Compensation	1,117,384	171,834					107,550			
Staffing and Labour Relations	5,572,148			745,200		2,000	200,000			55,000
Employee Benefits	3,631,888							946,750		
Contingency Reserve	500,000			500,000						
Sub-Total	10,821,420	171,834	0	1,245,200	0	2,000	307,550	946,750	0	55,000
Internally Restricted due to operations spanning the current school year: (e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)										
Future Years' Operations/Budget (not beyond the next three fiscal years)	82,608,058		626,578	400,000	250,000		945,000	1,925,610		2,091,222
Schools and Department Surpluses/Carry-Forwards	44,886,948	574,498	2,046,285	132,505		58,733	322,474	254,835	1,081,577	295,800
Operating Projects	37,581,608	346,694	53,530			30,862		427,328	3,759,996	342,487
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	12,985,760	555,000		156,521	695,000	47,410	221,590	100,000		127,200
Purchase Order Commitments	5,386,556									
Distributed Learning, Summer School, International Program	2,363,369			76,000					184,681	20,000
Strategic Planning/School Reconfiguration	799,600				290,000					
Other	115,728				33,150	1,330			10,085	
Sub-Total	186,727,627	1,476,192	2,726,393	765,026	1,268,150	138,335	1,489,064	2,707,773	5,036,339	2,876,709
Internally Restricted Operating Fund Surplus	213,133,541	1,857,805	2,733,174	2,302,905	1,448,150	464,811	1,910,854	4,285,027	5,335,908	3,098,815
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	58,631,893	596,790	382,472	0	365,164	258,774	0	0	1,016,700	505,670
Total Operating Fund Surplus (Deficit)	271,765,434	2,454,595	3,115,646	2,302,905	1,813,314	723,585	1,910,854	4,285,027	6,352,608	3,604,485

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2015

SD28	SD33	SD34	SD35	SD36	SD37	SD38	SD39	SD40	SD41
Quesnel	Chilliwack	Abbotsford	Langley	Surrey	Delta	Richmond	Vancouver	New Westminster	Burnaby

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)									
Aboriginal Education	347,950	54,743		348,371		1,600,000			
School Generated Funds			2,165,497						
Donator Named Funds							2,592,370		
Sub-Total	0	347,950	54,743	2,165,497	348,371	0	1,600,000	2,592,370	0

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation									
Staffing and Labour Relations									
Employee Benefits									
Contingency Reserve									
Sub-Total	0	0	0	0	0	0	0	0	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	131,201		2,623,200	3,188,260	8,689,623	1,813,575	810,000	13,834,882	500,000	4,391,457
Schools and Department Surpluses/Carry-Forwards		729,535	1,807,969		1,087,777	3,352,815	4,012,753	2,683,475	83,272	1,589,484
Operating Projects	109,805		6,625,183	874,388	4,585,650	3,454,019		3,072,061		
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	100,039		375,000	750,000	525,767	1,175,465			504,413	
Purchase Order Commitments							100,008	1,896,257	19,738	300,000
Distributed Learning, Summer School, International Program		768,069						219,759		
Strategic Planning/School Reconfiguration										
Other					239,600					
Sub-Total	341,045	1,497,604	11,431,352	4,812,648	15,128,417	9,795,874	4,922,761	21,706,434	1,107,423	6,280,941

Internally Restricted Operating Fund Surplus	341,045	1,845,554	11,486,095	6,978,145	15,476,788	9,795,874	6,522,761	24,298,804	1,107,423	6,280,941
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Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	321,385	2,684,123	620,503	6,691,764	3,327,460	1,554,117	3,615,983	734,061	749,348	3,696,008
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Total Operating Fund Surplus (Deficit)	662,430	4,529,677	12,106,598	13,669,909	18,804,248	11,349,991	10,138,744	25,032,865	1,856,771	9,976,949
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Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2015

SD42	SD43	SD44	SD45	SD46	SD47	SD48	SD49	SD50	SD51
Maple Ridge-Pitt Meadows	Coquitlam	North Vancouver	West Vancouver	Sunshine Coast	Powell River	Sea To Sky	Central Coast	Haida Gwaii-Queen Charlotte	Boundary

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	166,526			207,858		46,165	6,329		
Aboriginal Education	124,120	22,131			57,743	33,985	50,000		8,430
School Generated Funds									
Donator Named Funds									4,088
Sub-Total	290,646	22,131	0	0	207,858	57,743	80,150	56,329	0

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation									
Staffing and Labour Relations			2,300,000				330,000		
Employee Benefits									
Contingency Reserve									
Sub-Total	0	0	2,300,000	0	0	0	0	330,000	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	1,485,131	1,553,073	1,908,637	1,943,028	800,000		1,186,562	832,403	708,130
Schools and Department Surpluses/Carry-Forwards	488,462	2,270,557	500,000		529,289		319,860	25,281	87,071
Operating Projects	415,176	3,652,769	1,100,000		783,003	195,000	33,112	49,000	58,388
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)				700,000		130,000	205,626	80,000	20,608
Purchase Order Commitments	1,486,484		780,000						
Distributed Learning, Summer School, International Program									
Strategic Planning/School Reconfiguration									
Other							37,248		
Sub-Total	3,875,253	7,476,399	4,288,637	2,643,028	2,112,292	325,000	1,782,408	986,684	0

Internally Restricted Operating Fund Surplus	4,165,899	7,498,530	6,588,637	2,643,028	2,320,150	382,743	1,862,558	1,373,013	0

Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	0	(6,980,273)	1,913,896	1,174,541	1,314,308	1,100,923	291,769	315,821	59,109

Total Operating Fund Surplus (Deficit)	4,165,899	518,257	8,502,533	3,817,569	3,634,458	1,483,666	2,154,327	1,688,834	59,109

Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2015

SD52	SD53	SD54	SD57	SD58	SD59	SD60	SD61	SD62	SD63
Prince Rupert	Okanagan Similkameen	Bulkley Valley	Prince George	Nicola-Similkameen	Peace River South	Peace River North	Greater Victoria	Sooke	Saanich

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	51,406			133,962					
Aboriginal Education	147,823	14,978	72,520	331,295	229,747		20,669		
School Generated Funds									
Donator Named Funds				113,930					
Sub-Total	199,229	14,978	72,520	579,187	229,747	0	20,669	0	0

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation									
Staffing and Labour Relations		200,000	(1,052)			150,000			
Employee Benefits									
Contingency Reserve									
Sub-Total	0	200,000	(1,052)	0	0	150,000	0	0	0

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	987,889	563,898		3,705,741		1,430,353	2,550,015	8,300,000	500,000
Schools and Department Surpluses/Carry-Forwards	216,605	112,733	207,264	6,736,395	545,812	470,018		6,108,287	1,113,097
Operating Projects	34,928	50,000		1,003,666	200,000	495,000	344,713	2,579,856	53,434
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	97,025	368,554		2,292,626	1,450,000	560,692			
Purchase Order Commitments		121,100						682,969	
Distributed Learning, Summer School, International Program					905,949				
Strategic Planning/School Reconfiguration									
Other									
Sub-Total	1,336,447	1,216,285	207,264	13,738,428	3,101,761	2,956,063	2,894,728	17,671,112	0

Internally Restricted Operating Fund Surplus	1,535,676	1,431,263	278,732	14,317,615	3,331,508	3,106,063	2,915,397	17,671,112	0
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Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	217,644	0	1,597,787	0	3,105,441	2,570,751	1,055,991	4,104,554	568,518
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Total Operating Fund Surplus (Deficit)	1,753,320	1,431,263	1,876,519	14,317,615	6,436,949	5,676,814	3,971,388	21,775,666	568,518
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Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2015

SD64	SD67	SD68	SD69	SD70	SD71	SD72	SD73	SD74	SD75
Gulf Islands	Okanagan Skaha	Nanaimo-Ladysmith	Qualicum	Alberni	Comox Valley	Campbell River	Kamloops/Thompson	Gold Trail	Mission

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)						169,360				
Aboriginal Education	168,895	177,651				266,681	610,848	54,927	69,495	
School Generated Funds										
Donator Named Funds										
Sub-Total	0	168,895	177,651	0	0	0	436,041	610,848	54,927	69,495

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation								210,000		
Staffing and Labour Relations		750,000				60,000				
Employee Benefits					150,000	772,280	1,479,948		282,910	
Contingency Reserve										
Sub-Total	0	0	750,000	0	0	150,000	832,280	1,479,948	210,000	282,910

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)	189,251		1,696,532		582,399	324,641	1,853,928	3,250,000		
Schools and Department Surpluses/Carry-Forwards	43,599	441,212	222,990	221,461		50,000	158,976	1,818,088	240,104	119,595
Operating Projects		718,948	266,181			180,000	311,520			
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	210,000			170,000			140,000		339,667	
Purchase Order Commitments										
Distributed Learning, Summer School, International Program							129,942			
Strategic Planning/School Reconfiguration							270,000			
Other	16,887		11,028							
Sub-Total	459,737	1,160,160	2,196,731	391,461	582,399	554,641	2,864,366	5,068,088	579,771	119,595

Internally Restricted Operating Fund Surplus	459,737	1,329,055	3,124,382	391,461	582,399	704,641	4,132,687	7,158,884	844,698	472,000
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Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	789,278	649,329	1,998,761	865,687	1,522,362	0	3,342,294	97,740	0	1,035,249
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Total Operating Fund Surplus (Deficit)	1,249,015	1,978,384	5,123,143	1,257,148	2,104,761	704,641	7,474,981	7,256,624	844,698	1,507,249
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Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2015

Internally Restricted due to nature of constraints on the funds:
(Funds with external restrictions are to be included in Special Purpose Funds.)

(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)

Contractual Obligations (ie. Professional Development)	13,027	3,676	6,946	191,432		20,887	19,227	900,000	
Aboriginal Education	276,484	80,571			57,539		80,259	40,000	192,745
School Generated Funds					610,208				
Donator Named Funds		27,046	3,223						
Sub-Total	289,511	111,293	10,169	191,432	667,747	20,887	99,486	940,000	192,745
									0

Internally Restricted due to anticipated unusual expenses identified by Senior Management:
(e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)

Exempt Staff Compensation				600,000					28,000
Staffing and Labour Relations				120,000				300,000	361,000
Employee Benefits									
Contingency Reserve									
Sub-Total	0	0	0	720,000	0	0	0	300,000	0
									389,000

Internally Restricted due to operations spanning the current school year:
(e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)

Future Years' Operations/Budget (not beyond the next three fiscal years)		750,000			192,228	301,478	523,978		2,268,155
Schools and Department Surpluses/Carry-Forwards	700,260	28,890		88,197	220,960	82,093	105,251	30,851	402,903
Operating Projects	22,905	362,048	28,794		120,000	210,000		485,000	120,164
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	425,000	1,034	4,523	27,000		20,000		400,000	
Purchase Order Commitments									
Distributed Learning, Summer School, International Program		58,969							
Strategic Planning/School Reconfiguration									
Other			6,000						
Sub-Total	1,148,165	1,200,941	39,317	115,197	533,188	613,571	629,229	915,851	2,791,222
									93,000

Internally Restricted Operating Fund Surplus	1,437,676	1,312,234	49,486	1,026,629	1,200,935	634,458	728,715	2,155,851	2,983,967	482,000
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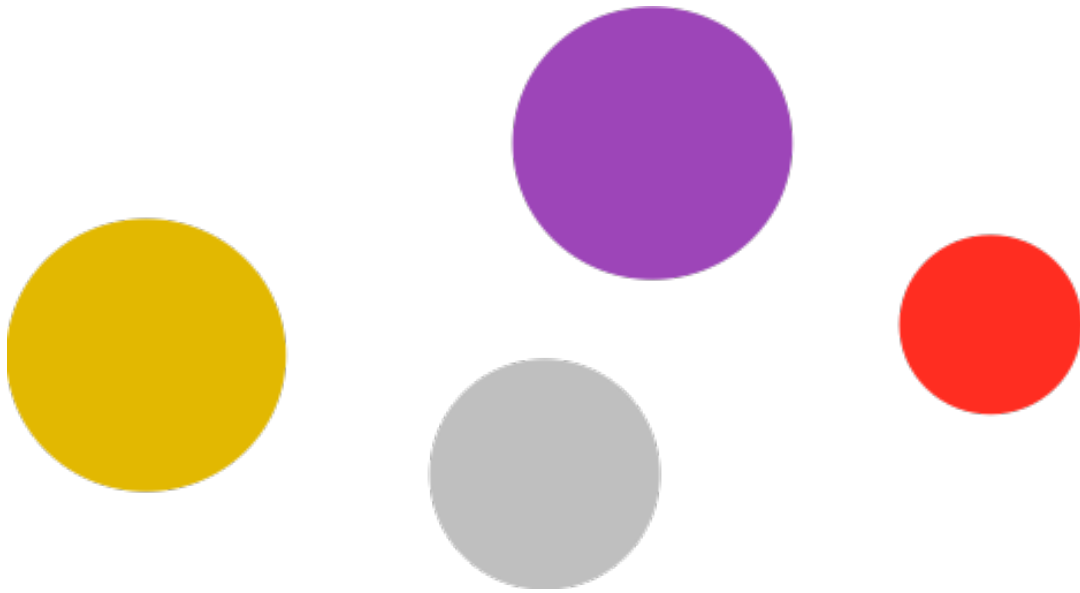
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	3,548,427	991,126	488,410	40,072	0	400,948	1,090,481	465,777	0	31,655
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Total Operating Fund Surplus (Deficit)	4,986,103	2,303,360	537,896	1,066,701	1,200,935	1,035,406	1,819,196	2,621,628	2,983,967	513,655
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Accumulated Operating Surplus Breakdown by School District
For the Year Ended June 30, 2015

	SD93
	CSF
Internally Restricted due to nature of constraints on the funds: (Funds with external restrictions are to be included in Special Purpose Funds.)	
(e.g. Education Plan, Employee Professional Development, Aboriginal Education, School Generated Funds not included on Schedule 3A)	
Contractual Obligations (ie. Professional Development)	22,624
Aboriginal Education	7,141
School Generated Funds	335,832
Donator Named Funds	
Sub-Total	365,597
Internally Restricted due to anticipated unusual expenses identified by Senior Management: (e.g. BCeSIS implementation, NGN implementation, anticipated severance, exempt staff compensation increase)	
Exempt Staff Compensation	
Staffing and Labour Relations	
Employee Benefits	
Contingency Reserve	
Sub-Total	0
Internally Restricted due to operations spanning the current school year: (e.g. Projects in progress, Department/Program operating surplus requested to be carried forward, purchase order commitments)	
Future Years' Operations/Budget (not beyond the next three fiscal years)	
Schools and Department Surpluses/Carry-Forwards	
Operating Projects	
Technology, Utilities, Equipment and Capital Projects (includes amounts to be transferred to Local Capital but have not yet been identified for specific initiatives)	10,000
Purchase Order Commitments	
Distributed Learning, Summer School, International Program	
Strategic Planning/School Reconfiguration	
Other	
Sub-Total	10,000
Internally Restricted Operating Fund Surplus	375,597
Unrestricted Operating (Deficit) Fund Balance (includes funds that may be used in budget years beyond the next three fiscal years)	902,619
Total Operating Fund Surplus (Deficit)	1,278,216

School Districts	Total Operating Expense SY2015-16	Accumulated Operating Fund Surplus - Internally	Accumulated Operating Fund Surplus - Unrestricted	Accumulated Operating Fund Surplus (Deficit) - Net	Ranking	Total Accumulated Operating Fund Surplus as a Percentage of Operating		2015/16 Total School- Age and Adult Funded FTE Enrolment	Accumulated Operating Fund Surplus (Deficit) Per Funded FTE	Ranking
		Restricted Portion SY2015-16	Portion SY2015-16	Total SY2015-16		Expenses SY2015-16	Ranking		SY2015-16	
05 (Southeast Kootenay)	55,278,651	1,859,108	382,302	2,241,410	31	4.1%	32	5,377.5000	417	32
06 (Rocky Mountain)	35,273,057	2,177,904	242,013	2,419,917	27	6.9%	18	3,124.9375	774	17
08 (Kootenay Lake)	50,459,689	2,194,191	0	2,194,191	32	4.3%	30	4,736.1250	463	28
10 (Arrow Lakes)	7,670,660	788,820	644,273	1,433,093	41	18.7%	5	454.1250	3,156	3
19 (Revelstoke)	10,707,000	583,405	268,775	852,180	50	8.0%	14	925.0000	921	13
20 (Kootenay-Columbia)	35,098,035	1,854,860	0	1,854,860	34	5.3%	24	3,719.3750	499	25
22 (Vernon)	78,002,866	2,373,697	0	2,373,697	28	3.0%	43	8,328.1569	285	44
23 (Central Okanagan)	193,894,927	4,236,235	1,327,224	5,563,459	16	2.9%	44	21,930.0000	254	50
27 (Cariboo-Chilcotin)	51,697,696	3,283,620	454,808	3,738,428	22	7.2%	16	4,606.8750	811	15
28 (Quesnel)	34,256,708	81,073	582,896	663,969	51	1.9%	54	3,112.8750	213	54
33 (Chilliwack)	118,524,800	3,991,591	2,640,519	6,632,110	13	5.6%	23	13,342.1607	497	27
34 (Abbotsford)	172,737,645	7,587,498	1,145,465	8,732,963	10	5.1%	25	19,323.4375	452	29
35 (Langley)	176,722,260	9,291,225	4,848,425	14,139,650	3	8.0%	13	19,813.3135	714	18
36 (Surrey)	613,675,552	19,807,888	1,600,772	21,408,660	2	3.5%	38	70,337.9064	304	42
37 (Delta)	150,508,871	8,277,357	1,554,117	9,831,474	6	6.5%	19	15,771.6255	623	21
38 (Richmond)	194,290,281	7,316,796	147,795	7,464,591	11	3.8%	35	20,755.6250	360	39
39 (Vancouver)	500,097,794	11,372,700	0	11,372,700	5	2.3%	51	52,239.6250	218	53
40 (New Westminster)	63,545,407	1,792,764	1,365,020	3,157,784	23	5.0%	26	7,167.4375	441	30
41 (Burnaby)	224,191,888	7,817,646	1,248,757	9,066,403	7	4.0%	33	24,307.4688	373	36
42 (Maple Ridge-Pitt Meadows)	130,177,531	5,302,514	0	5,302,514	17	4.1%	31	14,442.0000	367	37
43 (Coquitlam)	282,255,861	11,363,564	(2,482,288)	8,881,276	8	3.1%	40	31,846.6875	279	46
44 (North Vancouver)	145,643,243	6,995,479	1,860,610	8,856,089	9	6.1%	21	15,518.3125	571	22
45 (West Vancouver)	70,277,561	1,554,342	1,098,205	2,652,547	26	3.8%	36	6,889.0688	385	34
46 (Sunshine Coast)	36,467,001	2,488,811	538,098	3,026,909	24	8.3%	12	3,174.6250	953	11
47 (Powell River)	23,016,097	541,000	809,744	1,350,744	43	5.9%	22	2,013.0625	671	20
48 (Sea To Sky)	48,032,549	1,412,763	258,588	1,671,351	35	3.5%	39	4,711.1875	355	40
49 (Central Coast)	5,556,121	1,190,996	284,845	1,475,841	40	26.6%	3	209.0000	7,061	2
50 (Haida Gwaii)	10,296,998	0	1,711	1,711	58	0.0%	58	548.1250	3	58
51 (Boundary)	15,483,644	399,257	1,079,341	1,478,598	39	9.5%	10	1,248.3750	1,184	10
52 (Prince Rupert)	26,998,968	575,675	0	575,675	54	2.1%	52	2,052.5000	280	45
53 (Okanagan-Similkameen)	24,358,940	980,951	0	980,951	48	4.0%	34	2,326.0625	422	31
54 (Bulkley Valley)	22,420,671	88,766	1,542,420	1,631,186	36	7.3%	15	2,083.3750	783	16
57 (Prince George)	126,954,734	11,977,503	0	11,977,503	4	9.4%	11	12,866.8750	931	12
58 (Nicola-Similkameen)	25,397,132	2,580,019	3,060,750	5,640,769	15	22.2%	4	2,232.5000	2,527	6
59 (Peace River South)	42,213,902	4,213,153	3,340,685	5,950,838	14	14.1%	7	3,545.5000	1,678	7
60 (Peace River North)	58,532,534	4,206,210	0	4,206,210	21	7.2%	17	6,121.4067	687	19
61 (Greater Victoria)	178,000,312	18,158,834	4,641,593	22,800,427	1	12.8%	9	18,933.3499	1,204	9
62 (Sooke)	92,752,557	0	(573,046)	(573,046)	60	n/a	n/a	9,818.0000	(58)	60
63 (Saanich)	72,881,493	1,033,348	395,217	1,428,565	42	2.0%	53	7,302.5000	196	55
64 (Gulf Islands)	21,052,735	328,870	599,481	928,351	49	4.4%	28	1,722.2500	539	24
67 (Okanagan Skaha)	56,505,879	575,065	45,535	620,600	52	1.1%	56	5,765.5000	108	56
68 (Nanaimo-Ladysmith)	118,729,472	2,975,329	2,249,021	5,224,350	18	4.4%	29	13,373.8750	391	33
69 (Qualicum)	43,764,654	362,741	642,415	1,005,156	47	2.3%	50	4,109.5000	245	52
70 (Alberni)	38,568,550	1,005,601	0	1,005,601	46	2.6%	47	3,841.5000	262	48
71 (Comox Valley)	74,762,057	585,582	0	585,582	53	0.8%	57	7,714.4375	76	57
72 (Campbell River)	50,955,159	3,909,286	3,217,618	7,126,904	12	14.0%	8	5,358.0000	1,330	8
73 (Kamloops/Thompson)	137,961,104	5,103,213	60,608	5,163,821	19	3.7%	37	14,327.7500	360	38
74 (Gold Trail)	17,972,104	556,930	0	556,930	55	3.1%	41	1,118.3125	498	26
75 (Mission)	54,946,290	435,613	1,090,795	1,526,408	37	2.8%	46	5,888.3750	259	49
78 (Fraser-Cascade)	19,004,972	1,213,484	3,869,780	5,083,264	20	26.7%	2	1,657.1250	3,068	4
79 (Cowichan Valley)	73,406,194	1,433,261	815,385	2,248,646	30	3.1%	42	7,725.3750	291	43
81 (Fort Nelson)	9,909,100	28,113	229,827	257,940	56	2.6%	48	771.2500	334	41
82 (Coast Mountain)	52,726,482	0	0	0	59	0.0%	59	4,372.7250	0	59
83 (North Okanagan-Shuswap)	59,042,086	1,493,693	0	1,493,693	38	2.5%	49	6,002.6612	249	51
84 (Vancouver Island West)	7,571,088	692,904	398,966	1,091,870	45	14.4%	6	366.8750	2,976	5
85 (Vancouver Island North)	18,255,081	734,048	441,957	1,176,005	44	6.4%	20	1,335.0000	881	14
87 (Stikine)	5,420,183	2,362,421	624,022	2,986,443	25	55.1%	1	192.5000	15,514	1
91 (Nechako Lakes)	52,807,938	2,353,598	0	2,353,598	29	4.5%	27	4,277.0625	550	23
92 (Nisga'a)	8,698,100	76,197	30,817	107,014	57	1.2%	55	387.5313	276	47
93 (Conseil Scolaire Francophone)	74,973,546	810,256	1,321,147	2,131,403	33	2.8%	45	5,602.3000	280	35
99 (Provincial Summary)	5,201,384,410	197,184,768	49,947,008	247,131,776		4.75%		543,165.9872	455	



Toolkit for Boards of Education Audit Committees

The Audit Committee

- Purpose of Audit Committees
- Sample Terms of Reference to Audit Committees

Last updated February 27, 2017

The Audit Committee

Purpose of Audit Committees

An **audit committee** is a committee of the Board of Education and is responsible for oversight of the financial reporting process, selection of the independent auditor, and receipt of audit results both internal and external. The committee assists the Board of Education to fulfil its governance and oversight responsibilities in relation to the school district's financial reporting, internal control system, risk management system, and internal and external audit functions. Its role is to provide advice and recommendations to the Board of Education within the scope of its terms of reference, but not to take over the final role of the board in overseeing the school district's finances.

Some direct responsibilities of the audit committee may include:

- Overseeing the financial reporting and disclosure processes.
- Monitoring choice of accounting policies and principles.
- Overseeing appointment, performance and independence of the external auditors.
- Oversight of regulatory compliance, ethics, and whistleblower hotlines.
- Monitoring the internal control process.
- Overseeing the performance of the internal audit function (if any).
- Discussing risk management policies and practices with management.
- Overseeing the consideration of, and possible implementation of, recommendations from outside organizations such as the Office of the Auditor General.

Sample Terms of Reference for an Audit Committee

The audit committee may be structured to be a “committee of the whole” of all school trustees or it may be a committee of a few appointed members of the board that can also include non-voting external individuals that are independent of the Board of Education. The benefit of having an audit committee with public members is that you are normally selecting public members with specific business and accounting expertise, and can also provide another level of community engagement along with fiscal oversight.

At least one member of the audit committee can be a financial expert with relevant experience and skills. If the Board does not have a trustee with the relevant experience and skills, an independent non-voting lay expert can be a member of the committee.

Below are two sample terms of reference that may be used for the formation of a Board of Education Audit Committee.

Sample 1:

Terms of Reference for an Audit Committee (Committee of the Whole)

A. Purpose and Authority

The Audit Committee (the “Committee”) is a committee of the whole of the Board of Education. The purpose of the Committee is to monitor, evaluate, advise or make recommendations, in accordance with these terms of reference or any other directions of the Board, on matters affecting the financial and operational control policies and practices relating to the

district, including external, internal or special audits thereof. The Committee has the authority to retain, at the expense of the district, outside advisors and consultants within the district's reasonable availability of financial resources.

B. Duties

The primary duties of the Committee include, but are not limited to the following:

- Assessing the processes related to identification of the district's risks and effectiveness of its control environment.
- Overseeing financial reporting.
- Evaluating the district's internal control systems for financial reporting.
- Evaluating the internal and external, and any special audit processes.
- Providing an avenue of communication amongst the external auditor, management, internal audit staff, and the Board.
- Making recommendations to the Board as to potential policy or procedural changes arising out of audit recommendations.

C. Membership, Frequency of Meetings, Minutes

Membership

The Audit Committee shall consist of the board of the whole, the internal auditor, and the chairperson of the committee.

Frequency of Meetings/Attendance

The Committee shall meet at least three times per year and may call special meetings as required. A quorum at meetings of the Committee shall be a majority of its members, and the Committee chair shall prepare an agenda in consultation with the internal auditor.

Attendance at the Committee meetings by district personnel will be determined by the Committee, but will normally include the superintendent, the secretary treasurer, and a recording secretary.

Minutes

The minutes of the Committee meetings shall accurately record the decisions reached by the Committee. The secretary treasurer, or such other person as may be designated by the Committee (such as the internal auditor), shall keep minutes of the proceedings of all meetings of the Committee. The minutes shall be distributed to the Committee members with copies to the superintendent, the external auditor and others as directed by the Committee.

D. Confidentiality

Deliberations and information received from the attendance at an audit committee meeting will be treated as private and confidential information, and shall not be published, released or disclosed in any manner to any persons other than to trustees of the board, the Superintendent, or, as determined by the Committee, or in pursuance of specified duties under the *School Act*, the district's Organizational Bylaw or the *Freedom of Information and Protection of Privacy Act*.

E. Audit Committee Responsibilities

- Review and assess the adequacy of these terms of reference annually in April and submit any recommended changes to the terms of reference to the Board of Education for approval.
- Review the district's annual audited financial statements before such statements are submitted to the Board of Education for approval.
- Review should include discussion with management and the external auditors of significant issues regarding accounting principles, practices and judgements.
- Consideration should also be given as to whether they are complete and consistent with information known to Committee members.
- In consultation with management, the external auditors and the internal auditor consider the integrity of the district's financial reporting processes and controls including information technology security and control.
- Discuss significant financial risk exposures and the steps management has taken to identify, monitor, control and report such exposures.
- Review significant findings prepared by the external and the internal auditors together with management responses.
- Review the financial consent and completeness of information of the district's public disclosure documents of a financial nature which require approval by the board, before release.
- Review with management, the external auditors, and, if necessary, legal counsel any material litigation claim or other contingency that could have a material effect upon the financial situation or operation results of the district and the manner in which these will be disclosed in the financial statements.
- Monitor the appropriateness of accounting policies, especially critical accounting policies, and financial reporting used by the district to review any actual and perspective changes in financial reporting and accounting

policies and practices to be adopted by the district and to review and assess any new or proposed developments in accounting and reporting standards that may affect or impact on the district.

- Review other direct or indirect external audit reports (e.g. Office of the Auditor General) toward making recommendations to the Board for policy or procedural changes for the school district.

F. Risk Management Oversight

Risk Management Oversight means identifying and analysing and managing risks that may prevent the district from achieving its objectives. The Committee's oversight responsibility for risk management is primarily concerned with financial risks that may affect financial reporting.

- Assess whether management has implemented policies ensuring that the district's financial risks are identified and that controls are adequate, in place and functioning properly.
- Assess whether management has implemented policies and controls to prevent, detect, and deter fraud.
- Review all reports concerning any significant fraud or non-compliance that occurs in the district. This review should include consideration of the internal controls that should be strengthened to reduce the risk of a similar event in the future.
- Assess compliance with specific regulations pertaining to the district.
- After Committee assessment, appropriate recommendations will be made to the board if required.

G. Legal Compliance

On at least an annual basis, review with the district's appointed legal counsel any legal matters that could have a significant impact on the district's financial statements, the district's compliance with applicable laws

and regulations, and inquiries received from the regulators or government agencies.

H. Other

Recommend to the board the establishment of a code of ethical conduct (the "Code"), periodically review and recommend to the Board of Education updates to the Code, and ensure that management has established a system to enforce the Code.

Additional requirements could include reviewing management's monitoring of the district's compliance with the Code, and ensuring that management has the proper review system in place to ensure that the district's financial statements, reports and other financial information disseminated to the government organizations and the public satisfy legal requirements.

- Periodically perform a self-assessment of committee performance.
- Review financial and accounting succession planning within the district.
- Perform any other activities consistent with these terms of reference, the district's bylaws and governing policies as the Committee or the Board of Education deems necessary or appropriate.
- Establish procedures for receiving, retaining and responding to complaints relating to accounting or auditing matters, on a basis that protects the confidentiality of the complainer.

I. Internal and External Audit Responsibilities

Role of the Audit Committee with the External Auditor

- Appointment of auditor must be in accordance with Board procurement procedures and s.158 of the *School Act*. Of particular note is

responsibility of Board in appointing the auditor and how this role is subordinate to the *Auditor General Act*.

- Review the annual appointment of the external auditor, for recommendation to the Board for approval giving consideration to matters such as :
 1. Independence and whether to retain such auditor for each fiscal year after consultation with appropriate management and the internal auditor.
 2. The fees paid to the external auditor on an annual basis and any non-auditing services performed by the external auditor.
- On an annual basis, review and discuss with the external auditor all significant relationships with the district that could impair such auditor's independence.
- Review the planning and results of the external audit, including:
 1. the auditor's engagement letter
 2. the reasonableness of the estimated audit fees
 3. the scope of the audit, including materiality, audit reports required, areas of audit risk, deadlines and coordination with internal audit staff.
 4. the post audit management letter together with management's responses, and
 5. any other matters the external auditor brings to the attention of the Committee.

- Meet with the external auditor at least annually and preferably at each Committee meeting or as requested by the auditor (internal or external) without management representatives present.
- Receive and review all follow up action or status reports relating to the recommendations of the external auditor and internal auditor.

Role of the Audit Committee with the Internal Auditor

- The internal auditor shall have a direct reporting relationship to the Committee through the Chairperson of the Board.
- Annually review the budget and independence of the internal auditor function.
- Review the significant reports prepared by the internal auditor function together with management's response, including target dates for implementation of recommendations, and the identification of individuals responsible to action.
- Meet with the internal auditor at least annually and preferably at each Committee meeting or as requested by the auditor (internal or external) without management representatives present.

Sample 2:

Board Committee Terms of Reference

Audit Committee that includes Public Members

1. To ensure compliance with the financial provisions of the *School Act* and Regulations , and provide independent oversight to the Board of Education in the areas of:
 - a) Financial reporting
 - b) External Audit Process
 - c) Risk Management and Internal Controls
 - d) Compliance Matters

Membership

2. The Audit Committee will be comprised of the following members:
 - a) Three Trustees who are appointed by the Chair of the Board of Education
 - b) Two External community members recommended by the selection committee.
3. External community members are identified by a selection committee as potential candidates for appointment to the Audit Committee. The selection committee shall be comprised of at least:
 - a) Chair of the Board of Education or Trustee designated by the Chair
 - b) Superintendent
 - c) Associate Superintendent and Secretary-Treasurer or designated alternate.

The selection committee shall recommend to the Board of Education the external community members as potential candidates. The Board of Education approves the appointment of the external community members.

4. An external community member appointed to the Audit Committee must:
 - a) Be an objective advisor with expertise in financial matters, or other relevant expertise
 - b) Not be an employee or officer of the school district
 - c) Not have a parent, child or spouse employed or be an officer of the school district

- d) Support the values of the school system
- 5. External community members are volunteers and will not receive any remuneration. Any incidental expenses (mileage, parking, etc.) will be reimbursed in accordance with Board processes.
- 6. The term of office of a Trustee who is a member of the audit committee shall be determined by the Board, but must be reviewed on an annual basis and shall not exceed four years. The term of office of an external community member shall be a period of two years. External community members may be reappointed no more than two terms unless:
 - a) Advertised the position for at least 30 days, and
 - b) After 30 days, the selection committee did not identify any potential candidates.

When the term of an external community member expires, they continue to be a member of the audit committee until a successor is appointed or the external community member is reappointed.

- 7. At the first meeting of the audit committee in each fiscal year, the Audit Committee shall elect the Chair of the committee from the board members appointed to the committee. If at any meeting of the audit committee the Chair is not present, the members present may elect a trustee Chair for that meeting. The Chairperson will set the agenda of the meetings based on the work plan developed by the Audit Committee.
- 8. The secretary treasurer, reporting directly to the Audit Committee *for audit matters*, will act as its primary resource. The Superintendent or an appointed Associate Superintendent can also be a resource to the Audit Committee, when required.

9. Any vacancy of a member of the Audit Committee shall be filled as soon as possible in accordance with the Audit Committee Terms of Reference. A person who is appointed to fill a vacancy shall hold the position for the remainder of the term of the member whose position became vacant.

Responsibilities

Financial Reporting

10. Review the Board's annual financial statements, quarterly financial reports, and all other financial monitoring reports required by the Board, Ministry of Education, or other agencies.
11. Recommend to the Board, if the Audit Committee considers it appropriate to do so, that the Board approve the annual audited financial statements and any other financial monitoring report.

External Audit Process

12. Recommend to the Board the appointment of the external auditor for a term not exceeding three years. The selection process must also be in accordance with Board procurement procedures and s.158 of the *School Act*. Of particular note is responsibility of Board in appointing the auditor and how this role is subordinate to the *Auditor General Act*.
13. Review the external auditor's audit plan and audit findings, including:
 - a) The external auditor's engagement letter and independence letter.
 - b) Any management representations made to the external auditor and those representations not obtained from management, if any.

14. Meet on a regular basis with the external auditor to discuss any matters that the audit committee or the external auditor believes should be discussed.
15. Review, at least once in every fiscal year, the performance of the external auditor and make recommendations to the Board on the appointment, replacement or dismissal of the external auditor, and on the fee and fee adjustment for the external auditor.
16. Work to resolve any disagreements between management and the external auditor about financial reporting.
17. Recommend to the Board the pre-approval of all audit and non-audit services to be performed by the external auditor.
18. Review other direct or indirect external audit reports (e.g. Office of the Auditor General) toward making recommendations to the Board for policy or procedural changes for the school district.

Risk Management & Internal Controls

19. As the primary resource to the Audit Committee, the Internal Audit Officer shall ensure the Audit Committee:
 - a) Reviews the overall effectiveness of the Board's internal controls.
 - b) Understands the inherent risk of fraud and error in the Board.
 - c) Understands the Board's significant risks, the internal controls that mitigate these risks, and management's policies for risk assessment and risk management and to assess the steps management have taken to manage such risks, including the adequacy of insurance for those risks.

- d) Understands the accounting policies used in the preparation of the annual financial statements.
- 20. Review and recommend to the Board the content of the annual Internal Audit Plan as prepared by the Internal Audit Officer.
- 21. Review at least once in each fiscal year the performance of the internal auditor and provide the Board with comments regarding his or her performance.
- 22. Meet on a regular basis with the internal auditor and management to discuss any matters that the audit committee or internal auditor believes should be discussed, including:
 - a) Significant findings and recommendations by the Internal Audit Officer and responses of management.
 - b) Any significant changes the internal auditor made to the audit plan in response to issues that were identified during the audit.
 - c) Any difficulties encountered in the course of the internal auditor's work, including any restrictions or limitations on the scope of the internal auditor's work or on the internal auditor's access to required information.

Compliance Matters

- 23. Review the effectiveness of the Board's system for monitoring compliance with legislative requirements and with the Board's policies and procedures, and where there have been instances of non-compliance, to review any investigation or action taken by management to address the non-compliance.

24. Review any significant findings of regulatory entities, and any observations of the Internal Audit Officer or external auditor related to those findings.
25. Review the Board's process for communicating any codes of conduct that apply to Board members or staff of the Board to those individuals and the Board's process for administering those codes of conduct.
26. Obtain regular updates from management and legal counsel regarding compliance matters.
27. Obtain confirmation by management that all statutory requirements have been met.

Meetings

28. The Audit Committee will meet at least three times per year. Additional meetings may be scheduled at the call of the Chairperson if deemed necessary to carry out its responsibilities effectively and efficiently.
29. Minutes will be taken at each meeting and will be presented to the Board of Education as part of a consent agenda.
30. Quorum is achieved when a majority of the members of the Audit Committee are present, one of which must be an external community member. At least one staff member shall be present for each meeting.
31. Each Audit Committee member who is an elected Trustee has one vote, unless a member has declared a direct or indirect pecuniary interest in an agenda item. In the event of a tie vote, the Chairperson is entitled to cast a second vote.

Reporting & Communication

32. The Audit Committee is accountable to the Board of Education representing the interests of all stakeholders.
33. Maintain an effective communications policy, including disclosure of the Audit Committee's Terms of Reference.
34. Annually, the Audit Committee will report to the Board of Education an evaluation of the performance of the Audit Committee's duties.
35. The Audit Committee shall submit to the Board of Education an annual report that includes:
 - a) The annual Internal Audit Plan prepared by the Internal Audit Officer.
 - b) Description of any changes made to an Internal Audit Plan since the last report of the Audit Committee.
 - c) A summary of the work performed by the Internal Audit Officer since the last annual report of the Audit Committee, together with a summary of the work the auditor expected to perform during the period.
 - d) A summary of risks identified and findings made by the Internal Audit Officer.

The above are examples of terms of reference for audit committees. Each school district will need to tailor the audit committee terms of reference to align with governance policies and to address fiduciary responsibilities of the Board of Education.



School District No. 78 (Fraser Cascade)
Financial Review
31-Mar-17

	Total			Last Year	Key
	Budget	Current	% Remaining		
Teacher Salary	7,308,409	5,002,204	0.316	0.326	0.30
Support Staff Salary	3,745,127	2,563,520	0.316	0.317	0.29
Professional Salary	510,642	408,819	0.199	0.262	0.25
Substitutes	739,762	431,845	0.416	0.513	0.30
Principals	1,596,000	1,045,714	0.345	0.338	0.23
Trustees	82,275	62,538	0.240	0.281	0.23
Benefits	3,351,966	2,050,044	0.388	0.374	0.33
Supplies and Services	3,953,923	1,858,915	0.530	<u>0.533</u>	0.30
Grand Total	21,288,104	13,423,598	0.369	0.378	