



FINANCE AND AUDIT COMMITTEE PUBLIC MEETING AGENDA

The Central Okanagan Board of Education acknowledges that this meeting is being held on the Traditional Territory of the Okanagan People.

DATE: Wednesday, February 20, 2019
TIME: 4:00 pm
LOCATION: School Board Office
1040 Hollywood Road S.
Kelowna, BC

1. AGENDA
Additions/Amendments/Deletions

2. REPORTS/MATTERS ARISING

2.1 Finance and Audit Committee Public Meeting Report – January 23, 2019
(Attachment)

3. RECOGNITION/PRESENTATIONS/DELEGATIONS

3.1 2019-2020 Budget Presentation
Presenter: Delta Carmichael, Assistant Secretary-Treasurer

4. PUBLIC QUESTION/COMMENT PERIOD

5. COMMITTEE MEMBERS QUERIES/COMMENTS

6. DISCUSSION/ACTION ITEMS

6.1 Amendments to Policy 160 – Finance and Audit Committee
(Attachment)
Staff Recommendation:
THAT: The Finance and Audit Committee recommends to the Board:
THAT: The Board of Education approve the amendments to Policy 160 – Finance and Audit Committee, as attached to the Agenda, and as presented at the February 20, 2019 Finance and Audit Committee Meeting.

6.2 Amendments to Policy 190 – Trustee Expenses
(Attachment)
Staff Recommendation:
THAT: The Finance and Audit Committee recommends to the Board:
THAT: The Board of Education approve the amendments to Policy 190 – Trustee Expenses, as attached to the Agenda, and as presented at the February 20, 2019 Finance and Audit Committee Meeting.

6.3 Funding Review Panel Recommendations - Discussion
(Attachment – further materials to be provided)

7. DISCUSSION/INFORMATION ITEMS

8. COMMITTEE CORRESPONDENCE

9. ITEMS REQUIRING SPECIAL MENTION

**10. RECOMMENDATIONS/REFERRALS TO
THE BOARD/COORDINATING COMMITTEE/OTHER COMMITTEES**

11. ITEMS FOR FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

- Regulation 470R – Transportation Services Management

September	October	November
- Presentation: Audited Financial Statements for the Fiscal Year - Audited Financial Statements for the Fiscal Year (<i>Action Item</i>)		- Financial Update at September 30th School District No. 23 (Central Okanagan) Budget Development Principles - School District No. 23 (Central Okanagan) Budget Development Timeline
January	February	April (1st meeting)
- Amended Annual Budget for the Fiscal Year - Ministry Recalculation Allocation – School District No. 23 and Provincial - Financial Update at December 31st - Budget Survey development - Annual Review of Committee's Mandate, Purpose and Function	- Budget Presentation	- Overview of Budget Allocation - Budget Consultation Input Received - Trustee Indemnity for the 2018/2019 Fiscal Year
April (2nd meeting)	May	June
- Central Okanagan School District Preliminary Budget Proposal – Superintendent's Budget Recommendations - Financial Report at March 31st	- Auditor's Report to the Finance and Audit Committee – Initial Communication on Audit Planning for the Year - Annual CommunityLINK Allocations - Financial Update – International Education Program	- School District No. 23 (Central Okanagan) Annual Budget for the Fiscal Year

12. FUTURE FINANCE AND AUDIT 2019 COMMITTEE MEETINGS

April 3, 2019 at 4:00 pm
April 17, 2019 at 4:00 pm
May 15, 2019 at 4:00 pm

June 19, 2019 at 4:00 pm
September 18, 2019 at 4:00 pm

October 16, 2019 at 4:00 pm
November 20, 2019 at 4:00 pm

13. MEDIA QUESTIONS

14. ADJOURNMENT

CENTRAL OKANAGAN PUBLIC SCHOOLS – BOARD COMMITTEE REPORT

COMMITTEE: Finance and Audit Committee Meeting DATE: January 23, 2019

CHAIRPERSON: Trustee C. Cacchioni STAFF CONTACT: E. Sadlowski, Secretary-Treasurer/CFO

*The Committee Chairperson acknowledged that the meeting was being held
on the Traditional Territory of the Okanagan People.*

In attendance:

Board of Education:

Trustee R. Cacchioni (Chairperson)
Trustee J. Fraser (Committee Member)
Trustee L. Tiede (Committee Member)
Trustee M. Baxter

In attendance:

Staff:

E. Sadlowski, Secretary-Treasurer/CFO
D. Carmichael, Assistant Secretary-Treasurer
T. Beaudry, Deputy Superintendent
V. Dougans, Finance Manager
M. DesRochers, Executive Assistant (*Recorder*)

Absent:

Kevin Kaardal, Superintendent of Schools/CEO

Partner Group Representation:

COTA Susan Bauhart, President
COPAC Sarah Shakespeare, President (*arrived at 4:05 pm*)
COPVPA Mike Dornian, Treasurer
CUPE David Tether, President
DSC No Representation

Agenda/Additions/Amendments/Deletions

January 23, 2019 Agenda – approved as presented.

Reports/Matters Arising

November 21, 2018 Committee Report – received as presented.

Discussion/Action Items

1. Approval of 2018/2019 Amended Annual Budget

The Assistant Secretary-Treasurer stated that an Amended Annual Budget reflecting updated revenues and expenses based on actual student enrolment and projected expenditure patterns must be submitted by the end of February each year. The Amended Budget Bylaw amount is \$260,904,760, which is a \$4.839 million increase. A number of factors have contributed to this increase, including but not limited to, an increase in student enrolment, additional funding for classroom enhancement funding, and a balance carry forward from the 2017/2018 Annual Facility Grant special purpose fund. At this time, there is uncertainty on whether or not the District will be required to pay the Employer Health Tax (EHT). If the EHT is payable, the first installment payment would be due June 15, 2019.

4:05 pm the COPAC President joined the meeting.

In response to a query from the COPVPA representative, the Assistant Secretary-Treasurer stated that the potential pressure of the EHT is approximately \$3 million/year.

Outcome:

The Committee recommended that at the February 13, 2019 Public Board Meeting, the Board of Education give first, second and third readings to the School District No. 23 (Central Okanagan) Amended Annual Budget Bylaw for 2018/2019 and that the School District No. 23 (Central Okanagan) Amended Annual Budget Bylaw for 2018/2019 in the amount of \$260,904,760 be read a first, second and third time, passed and adopted the 13th day of February, 2019.

2. Financial Update – December 31, 2018

The Assistant Secretary-Treasurer provided a financial update for the first six months of the school year, period ending December 31, 2018. Actual spending to December 31, 2018 as well as forecast spending for the remainder of the year were outlined. The District anticipates an unrestricted operating surplus of approximately \$2.5 million at June 30, 2019, which is in line with previous years.

Outcome:

The Committee received the Financial Update as of December 31, 2018 as presented and it will be forwarded to the Board.

3. Annual Review of Committee's Mandate, Purpose and Function – Policy 160

The Committee reviewed *Policy 160 – Finance and Audit Committee* and recommended a few updates to align with Ministry documentation regarding audit committee.

The Assistant Secretary-Treasurer stated that *Policy 160 – Finance and Audit Committee* will be updated to align with the Ministry's documentation regarding audit committee. The amended Policy will come forward to the February 20, 2019 Finance and Audit Committee Meeting.

4. Discussion of Changes to Policy 190 – Trustee Expenses

The Assistant Secretary-Treasurer stated that updates to *Policy 190 – Trustee Expenses* are required due to the elimination of the one-third tax-free indemnity allowance. Two options were outlined for the Committee to consider.

The Committee recommended a few amendments to *Policy 190 – Trustee Expenses* and request that the amended Policy come forward to the February 20, 2019 Finance and Audit Committee Meeting.

Information Items

1. Budget Survey Development

The Assistant Secretary-Treasurer presented the draft 2019-2020 Budget Survey Questions for review. The Committee Chair recommended a few minor edits prior to the survey being distributed, including the addition of general salary costs for the average teacher, support staff, etc.

2. Ministry Recalculation – School District No. 23 (Central Okanagan) and Provincial

The Assistant Secretary-Treasurer stated that every December the District receives an updated operating grant summary from the Ministry of Education reflecting the September enrolment count and the amended budget is updated accordingly.

Items Requiring Special Mention

- The Deputy Superintendent of Schools reported that a few District Academies are requesting increases to tuition fees for the 2019-2020 school year and asked if these fee increases should go through the Education and Student Services Committee or the Finance and Audit Committee.

The Committee Chair recommended that programming changes be vetted through the Education and Student Services Committee and quantitative changes be forwarded to the Finance and Audit Committee.

Recommendations/Referrals to the Board/Coordinating Committee/Other Committees

Public Board Meeting:

- *Approval of 2018/2019 Amended Annual Budget (Action Item)*
- *Financial Update – December 31, 2018 (Information Item)*

Items for Future Finance and Audit Committee Meetings

Public Finance and Audit Meeting:

- Regulations 470R – Transportation Services Management (Discussion Item)
- Amended Policy 190 – Trustee Expenses (Action Item)
- Amended Policy 160 – Finance and Audit Committee (Action Item)

September	October	November
- Presentation: Audited Financial Statements for the Fiscal Year - Audited Financial Statements for the Fiscal Year (Action Item)	- Financial Update at September 30th	- School District No. 23 (Central Okanagan) Budget Development Principles - School District No. 23 (Central Okanagan) Budget Development Timeline
January	February	April (1st meeting)
- Amended Annual Budget for the Fiscal Year - Ministry Recalculation Allocation – School District No. 23 and Provincial - Financial Update at December 31st - Budget Survey development	- Budget Presentation	- Overview of Budget Allocation - Budget Consultation Input Received - Trustee Indemnity for the 2019/2020 Fiscal Year
April (2nd meeting)	May	June
- Central Okanagan School District Preliminary Budget Proposal – Superintendent's Budget Recommendations - Financial Update at March 31st	- Auditor's Report to the Finance and Audit Committee – Initial Communication on Audit Planning for the Year - Annual CommunityLINK Allocations - Financial Update – International Education Program - Review of Policy 425 and Regulations 425R - Student Fees	- School District No. 23 (Central Okanagan) Annual Budget for the Fiscal Year - Policy 161 –Accumulated Operating Surplus

Meeting Schedule

February 20, 2019 at 4:00 pm	May 15, 2019 at 4:00 pm	October 16, 2019 at 4:00 pm
April 3, 2019 at 4:00 pm	June 19, 2019 at 4:00 pm	November 20, 2019 at 4:00 pm
April 17, 2019 at 4:00 pm	September 18, 2019 at 4:00 pm	

Questions – Please Contact:

Trustee Rolli Cacchioni, Chairperson	Phone: 250-765-3419	email: Rolli.Cacchioni@sd23.bc.ca
Eileen Sadlowski, Secretary-Treasurer/CFO	Phone: 250-470-3224	email: Eileen.Sadlowski@sd23.bc.ca
Delta Carmichael, Assistant Secretary-Treasurer	Phone: 250-470-3233	email: Delta.Carmichael@sd23.bc.ca

Rolli Cacchioni, Chairperson



Section One: Board of Education

160 – FINANCE AND AUDIT COMMITTEE

Introduction

The Finance and Audit Committee is a standing committee of the Board of Education.

The Board recognizes its responsibility for the effective use of public funds in providing the best possible education to the students in the community.

The Board has a duty to govern the district in a fiscally responsible and cost effective manner, while carrying out the strategies required to achieve its goals.

Policy

1. Membership

1.1 Voting Members:

- 1.1.1 Three trustees, appointed by the full Board, with one trustee appointed Committee Chairperson at the Board's inaugural or annual meeting.
- 1.1.2 In the absence of a Trustee committee member, or if the full Trustee committee membership has not been appointed, the Committee Chairperson may appoint temporary Trustee committee members.

1.2 Non-Voting Members:

- 1.2.1 a representative from each partner group for purposes of providing input
- 1.2.2 Secretary-Treasurer and/or Assistant Secretary-Treasurer
- 1.2.3 the Board Chairperson

2. Scope of Functions

- 2.1 Provide recommendations to the Board.



Section One: Board of Education

“Together We Learn”

- 2.2 Function according to Board policy and, in the absence of policy, shall follow *Robert’s Rules of Order*.
- 2.3 Recommend to the Board the annual authorization of trustee indemnity to be increased in accordance with the BC Consumer Price Index during the preliminary budget process.
- 2.4 Coordinate the budget development process, recommend the operating budget for approval by the Board and monitor its implementation on a regular basis.
- 2.5 Review significant accounting policies and procedures and deal with all financial matters of the School District including acquisition, disposal or rental of buildings and property and investment strategies.
- 2.6 Review all general insurance matters including risk assessment and management processes.
- 2.7 Function as an Audit Committee.
- 2.8 Review and evaluate all policies directly pertaining to the Finance and Audit Committee function at least once every four years.

3. Budget Functions

The budget is a “living” document that identifies the financial resources appropriated by the Board to provide the human and material resources necessary to meet the district’s educational and operational objectives. The Board, through policy/regulations, will provide appropriate flexibility in budget management to enable administration to make the most effective use of fiscal resources within the approved budget.

3.1 Budget Development

The Board’s annual operating budget is a financial plan which reflects how the district’s educational and operational plan will be implemented and maintained. The budget reflects the goals and objectives established by the Board for the school/fiscal year to which the budget applies and will be consistent with the Board’s mission and goal statements.



Section One: Board of Education

“Together We Learn”

Annually, the Finance and Audit Committee, (in consultation with the Superintendent), will develop a budget timeline, solicit input from the partner groups, and the general public, and recommend an operating budget to the Board.

3.2 Budget Monitoring

The Committee will receive reports on a regular basis, or as requested, outlining the status of the budget and forecasts for the remainder of the year. Information will be presented by function and major spending categories. The Secretary-Treasurer and/or the Assistant Secretary-Treasurer will advise the Finance Committee of significant deviations from the approved budget. After the review is complete, the reports will be forwarded to the Board, along with any recommendations from the Committee.

3.3 Budget Management

The Superintendent is responsible for the overall management of the educational and operational programs that are supported by the annual budget.

The Secretary-Treasurer is responsible for the financial reports and for the management of the budget. This includes responsibility for ensuring that the funds are used for the purpose intended, for monitoring expenditures to ensure they do not exceed the total funds allocated without proper authority, and for monitoring revenue accounts to ensure that revenue objectives are achieved.

It is recognized that the fiscal resources allocated may be greater or less than the cost of providing the service. All those involved in managing the budget are expected to act in a fiscally responsible and cost effective manner, while meeting the district's educational and operational objectives. Any funds remaining after the objectives have been met will become reserved for general budget management purposes unless otherwise appropriated at year-end.

4. Audit Committee Function

The Audit Committee's principle function is to oversee the school district's financial reporting process and its internal control structure, and report its findings to the Board. The Audit Committee assists the Board of Education to fulfill 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. ~~This~~ These tasks ~~is~~ are facilitated by asking questions about the quality of work done by management, participating in the audit planning and reporting process, understanding and reviewing the aspects of the operation that put the school district at risk and the district's preparedness to face that risk. It summarizes its findings and provides advice and recommendations so that the Board can



Section One: Board of Education

“Together We Learn”

make informed decisions. The committee shall be comprised of the three (3) Board members who comprise the Finance Committee, assisted by the district’s Secretary-Treasurer and/or Assistant Secretary-Treasurer.

The Committee shall:

- 4.1 *on an annual basis, review and discuss with the external auditor all significant relationships with the district that could impair such auditor's independence;*
- 4.2 review the audited financial statements and recommend approval of the audited statements by the Board;
- 4.3 oversee the *integrity of the* internal control structure *including information technology security and control* with a focus on safeguarding district assets;
- 4.4 *discuss significant financial risk exposures and the steps management has taken to identify, monitor, control and report such exposures;*
- 4.5 *monitor the development of and changes to accounting principles, practices and judgment as well as financial reporting standards and their impact on the school district's financial reporting;*
- 4.6 *oversight of regulatory compliance, ethics, and whistleblower hotlines;*
- 4.7 review audit results with the external auditors and follow up on the implementation of the auditor’s letter of recommendation; *make recommendations to the Board as to potential policy or procedural changes arising out of the audit recommendations;*
- 4.8 review the nature and extent of other services provided by the external auditors in relation to auditor independence;
- ~~4.9 — monitor the development of and changes to accounting principles and practices and financial reporting standards and their impact on the school district’s financial reporting;~~
- 4.9 oversee engagement of external auditors including the terms of the audit engagement and the appropriateness of proposed fees, as well, review and evaluate request for audit service proposals from external audit firms every five years;
- 4.10 meet with the external auditors at an Incamera Meeting without staff members present.



Section One: Board of Education

"Together We Learn"

5. Meetings

- 5.1 All meetings shall be governed by Board policy and, in the absence of Policy, by *Robert's Rules of Order*.
- 5.2 A seconder is not required for resolutions moved at the committee level.
- 5.3 Public meetings of the Committee shall be scheduled to occur on specific dates and times during the school year as determined by Board resolution at the inaugural or annual meeting.
- 5.4 Items required to be Incamera will be dealt with at an Incamera meeting to be attended by trustees and senior staff and others, as needed by invitation. Incamera meetings shall usually be scheduled to occur on the specific dates determined by the Board for public meetings of this Committee.



Section One: Board of Education

190 – TRUSTEE EXPENSES

Introduction

Trustees will be reimbursed, as outlined in this policy, for costs incurred in performing their duties.

In order to enable trustees to gain greater knowledge and experience relative to their responsibilities, the Board of Education supports their attendance at appropriate conventions, seminars and courses within the budget limitations established by the Board.

Expense claims will be submitted recognizing the fundamental principle that expenses paid from public funds have been incurred prudently and meet the test of appropriateness and reasonableness.

1. Board Business

a) In-District Expenses

Each year a budget shall be set to cover in-district expenses.

~~The following expenses shall be covered by the one third tax free indemnity expense allowance:~~

- ~~i) additional vehicle insurance;~~
- ~~ii) annual credit card fees and credit card interest;~~
- ~~iii) expenses related to the creation of a 'home office' (e.g. printers and printing supplies, utilities, maintenance, internet connection);~~
- ~~iv) monthly fees relating to any mobile or wireless device.~~

Actual reasonable costs for travel for in-district Board business may be claimed at the current BC School Trustees Association's rate but shall not exceed the acceptable reimbursement rate established by the Revenue Canada Agency.

Trustees may request reimbursement for Board business telephone calls and meals for other people, when on official Board business. Receipts are to be provided.



Section One: Board of Education

“Together We Learn”

The School District will only provide office supplies to assist trustees directly in their duties (e.g. school district e-mail account and/or office stationery).

Trustees will be responsible for:

1. additional vehicle insurance;
2. ~~annual credit card fees and credit card interest~~
3. expenses related to the creation of a 'home office' (e.g. printers, printing supplies, utilities, maintenance, internet connection);
4. ~~monthly fees relating to any mobile or wireless device.~~

Once a term, if requested, a trustee will be provided with a mobile or wireless device. Any provided device must be returned to the School District when the trustee's term ends or he/she discontinues using the device for School District business.

The Board Chair will be supplied a basic cell phone to conduct board business.

b) Conferences, Seminars, and Workshops

Each year, a budget shall be set for the costs of trustees attending the BC School Trustees Association (BCSTA) Annual General Meeting, the BC Public School Employers' Association (BCPSEA) Annual General Meeting, the BCSTA Trustee Academies and BCSTA Branch meetings. Trustees who are claiming expenses directly from the organization will not claim expenses under this section.

c) Other Expenses

Authorized miscellaneous expenses must be claimed using a ~~Cheque~~ Trustee Expense Claim Requisition Form, with appropriate receipts attached.

2. Trustee Personal Travel/Seminar Budget

- 2.1 A separate budget shall be set annually and each trustee shall be allocated 1/7 of this budget.
- 2.2 Within this budget allocation, trustees may each choose to attend the conferences, annual general meetings or seminars which they deem to be



Section One: Board of Education

“Together We Learn”

beneficial to their duties.

- 2.3 In the year of trustee elections, trustees will receive a maximum of ~~5/12~~ 1/3rd of their annual personal travel budget to ~~November 30~~ October 31st. The remaining ~~7/12~~ 2/3rd shall be retained for the new Board.
- 2.4 Trustees may carry forward, from year to year, a surplus in their travel budget, to a maximum of four year’s annual allocation, to enable them to attend distant conferences.
- 2.5 A trustee may carry forward, from year to year, a deficit in his/her travel budget, provided this is eliminated by the trustee on the completion of his/her term.
- 2.6 After attending conferences, seminars or workshops at Board expense, trustees shall submit a report to the Board, if requested.

3. Travel Outside of the Central Okanagan (whether on Board business or using personal budget)

- 3.1 The per kilometre reimbursement rate will be the same rate as determined by the BCSTA but shall not exceed the acceptable reimbursement rate established by the Canada Revenue ~~Canada~~ Agency.
- 3.2 All out-of-valley travel to destinations other than the Fraser Valley, Vancouver Island and Lower Mainland ~~or Victoria~~ will be reimbursed at the lower of the per kilometer rate or the lowest airfare rate available at the time of travel when air transportation is available and practical.
- 3.3 The amount to be reimbursed for automobile travel to the Fraser Valley, Vancouver Island, Vancouver and the Lower Mainland shall be reimbursed at the rate established by the Board of Education.
- 3.4 For purposes of this policy, the ‘Fraser Valley’ is defined as being within the boundaries of the following school districts:

School District No. 33 (Chilliwack), School District No. 34 (Abbotsford), School District No. 75 (Mission) and School District No. 78 (Fraser-Cascade).
- 3.5 For purposes of this policy the ‘Lower Mainland’ is defined as being within the boundaries of the following school districts:



Section One: Board of Education

“Together We Learn”

School District No. 35 (Langley), School District No. 36 (Surrey), School District No. 37 (Delta), School District No. 38 (Richmond), ~~School District No. 39 (Vancouver)~~, School District No. 40 (New Westminster), School District No. 41 (Burnaby), School District No. 42 (Maple Ridge-Pitt Meadows), School District No. 43 (Coquitlam), School District No. 44 (North Vancouver), and School District No. 45 (West Vancouver).

- 3.6 Automobile travel to ~~Victoria~~ Vancouver Island will be reimbursed at the rate established by the Board of Education (including ferry costs).
- 3.7 Trustees may claim for taxis, parking fees, local mileage and airport improvement fees. Receipts are to be provided (except for local mileage).

Lodging

- 3.8 Accommodation may be claimed based on the ‘single’ rate of the convention hotel or on the standard government approved rate. Hotel charges such as valet service, personal telephone calls and in-room movies are the responsibility of the trustee.
- 3.9 If staying with a friend or relative, \$30.00 per night may be claimed without a receipt.
- 3.10 The cost of extra nights is the responsibility of the trustee.

Meals

- 3.11 For meals not covered by the convention fees, trustees may claim the ~~BCSTA~~ per diem rate established by the Board of Education. ~~in effect at the time for actual meals.~~

4. Payment of Expenses

- 4.1 Expenses must be submitted on a timely basis, preferably once a month. Only expenses submitted on the correct forms shall be considered. Expense claims that are submitted three months after the occurrence of the event or expense will not be paid unless approved by the Board.
- 4.2 Trustees may request an advance for out-of-town business engagements of two or more days.
- 4.3 The Superintendent, or designate, shall scrutinize each trustee expense claim. The Board shall resolve any discrepancy in interpreting and applying this policy.



Section One: Board of Education

“Together We Learn”

5. Expenses Paid by Outside Organizations

- 5.1 Trustees who are elected or appointed by the Board to officially represent the Board of Education at provincial meetings of the BCSTA Provincial Council or the BC Public Schools Employers’ Association Representative Council or serving on BCSTA, BCPSEA, or Ministry of Education committees, will be compensated by those organizations in accordance with their expense policies. Trustees are responsible for claiming expenses directly from those organizations and will not be reimbursed by the Board.

6. Review of Trustee Expenses

Bi-annually, a sub-committee comprising of the Board Chair, Vice-Chair, ~~and the Finance and Legal~~ Audit Committee Chair and Assistant Secretary-Treasurer, or designate, shall review all trustee expenses for the previous 6 months. The sub-committee shall make recommendations to the Board regarding changes to Policy or practice.

Dated Agreed: April 23, 1980

Date Amended: December 10, 1980; November 26, 1986; January 10, 1990;
May 27, 1992; June 8, 1994; June 26, 1996; May 23, 2001

Date Reviewed/Amended: November 13, 2002

Date Amended: September 22, 2004; April 27, 2005; February 8, 2006;
March 11, 2009; September 10, 2014; November 26, 2014; June 8, 2016
November 2, 2016

Related Documents:

Improving Equity and Accountability

Report of the Funding Model Review Panel 2018

THEME 1: EQUITY OF EDUCATIONAL OPPORTUNITY

This was the overarching aspiration of the Panel – to allocate funding in order to support improved student outcomes by providing equity of educational opportunities to every student in BC.

RECOMMENDATION 4- Finance & Audit

The Ministry should consolidate and simplify existing geographic funding supplements, the Supplement for Salary Differential, and relevant special grants outside the block into a single supplement, with two components:

COMPONENT 1 – 'Unique School District' characteristics should reflect some of the operational challenges of school districts compared to the norm by considering:

- The enrolment of a school district compared to the provincial medial school district enrolment;
- The distance from communities containing schools to geographic centers containing basic services;
- The climate of a school district, characterized by the cost of providing heating and cooling for schools; and the fuel utilized, and the amount and duration of snowfall in a school district;
- The distribution of students and schools across a school district, as characterized by:
 - The density of the student population in a school district, compared to the highest density school district in the province;
 - The average distance from each school to the school board office, including the effect of geographic features; and
- A modification of the current salary differential funding approach to be based on total compensation and expanded to include all school district employees.

COMPONENT 2 – 'Unique School' characteristics, not addressed in the first component, should recognize the operational challenges of some schools by considering:

- The number of small schools within a school district, with different weightings and sizes used for elementary and secondary schools, and provide an increased contribution where a school is the only one in the community and is persistently under capacity; and
- The persistent over-capacity of schools at the school district level.

STAFF THOUGHTS & CONCERNS

- A number of geographic factors are already recognized in the formula. Our concern would be that more of the Funding envelope gets moved to fund small rural districts that mid-sized districts will need to pay for.
- Broadening of salary differential to include all School District employees could be positive.

RECOMMENDATION 5- Finance & Audit

The Ministry should replace all current supplements for enrolment decline and funding protection with a new, transitional, mechanism that allows school districts to manage the impact of enrolment decline over a three year rolling time period (i.e. allowing three years to manage the impact of decline, starting with no funding change in the first year, one-third funding reduction in the second year, two-thirds funding reduction in the third year, and fully implemented funding reduction in the fourth year.)

STAFF THOUGHTS & CONCERNS

- Agreed. Ministry needs an exit strategy for funding protection.

RECOMMENDATION 7- Finance & Audit

The Ministry working with the Conseil scolaire francophone de la Colombie-Britannique (CSF), should develop a unique school district factor that recognizes the special characteristics of this province-wide school district, consistent with Recommendations 4, 5 and 6.

STAFF THOUGHTS & CONCERNS

- Agreed. If more money is distributed to CSF the quantum must be increased.

RECOMMENDATION 8- Finance & Audit

The Ministry should eliminate the Classroom Enhancement Fund and allocate this funding as part of school district operating grants. This will require negotiated changes to collective agreement provisions.

STAFF THOUGHTS & CONCERNS

- Concern that due to the variance in collective agreement language this will be difficult to achieve. Would be very detrimental to use some type of pro-rata allocation to address this as some District's language differs significantly.

RECOMMENDATION 9- Finance & Audit

The Ministry should base funding allocations for school-age educational programming on the number of students, rather than on the number of courses being taken. The Ministry should phase out the current course-based funding model by the 2020/21 school year.

STAFF THOUGHTS & CONCERNS

- Our district currently has higher Headcount than FTE however if per unit amount decreases this would lead to less funding. Dual credit programs should be funded on a course by course basis so they continue to be maintained. This supports the Ministry's Career Education goals.

THEME 2: ACCOUNTABILITY

A sound accountability framework is a critical part of the funding allocation model. Improving student outcomes and educational transformation requires accountability for the use of funding.

RECOMMENDATION 16- Finance & Audit

The Ministry should provide ongoing provincial leadership and support to help strengthen governance and management capacity at all leadership levels in school districts.

STAFF THOUGHTS & CONCERNS

- Agreed

RECOMMENDATION 17- Finance & Audit

The Ministry should expand its workforce planning project and work with school districts to establish a provincial K-12 human capital plan.

STAFF THOUGHTS & CONCERNS

- Human resources and remaining competitive is one of the primary concerns of Districts. Ministry assistance with this would be beneficial.

THEME 3: FINANCIAL MANAGEMENT

Understanding cost pressures, sound planning and ensuring that resources are used to support student outcomes underpin the education funding system.

RECOMMENDATION 18- Finance & Audit

The Ministry should identify net cost pressures and new program expenditures and, as part of the annual provincial budgeting process, bring them forward to Treasury Board for consideration when the total quantum of public education funding is being set.

STAFF THOUGHTS & CONCERNS

- The current funding model does not directly account for inflationary pressures. These pressures, when not funded, add additional budget burdens to the system.
- Government changes (both provincial and federal) as well as new programs or initiatives, may impact district costs, especially when unexpected or delivered late in the budgeting process (i.e. utility increases, WCB regulation changes, Employer Health Tax). These related costs are not always easy to manage if a district's annual budget has been finalized or next year's staffing set. As a result, unanticipated costs may cause reductions in staffing or programs to the district.
- New funding part way through a year can also cause grief because the district may be unable to adequately spend the funds, potentially leading to unspent funds at yearend = operating surpluses.
- If these situations can be addressed early, planning will be more efficient.

RECOMMENDATION 19- Finance & Audit

To support multi-year financial planning:

- Government should issue three-year operating funding to Boards of Education, based on available funding and projected student enrolment; and
- School districts should be required to develop three-year financial plans.

STAFF THOUGHTS & CONCERNS

- Being provided with three-year operating funding would allow districts to better plan staffing, initiatives and expected operating surpluses as there would be some predictability and stability.
- Risk would still exist as districts would also be required to provide a three-year financial plan and any significant changes in benefits, sick time, utilities etc. would cause a budget pressure.

RECOMMENDATION 20- Finance & Audit

The Ministry should establish clear provincial policies on reserves to ensure consistent and transparent reporting, while maintaining school districts' ability to establish reserves. Specifically, the Ministry should:

- Set clear provincial policies on what school districts may save for, directly related to their strategic plans;
- Establish an acceptable provincial range of unrestricted reserves, encompassing accumulated operating surpluses and local capital, which should be monitored and reported on (if required);
- Ensure that school districts have specific plans attached to each item or initiative when setting reserves, and provide clear reporting on how the funds were spent; and
- Work with school districts to transfer any overages beyond the approved threshold into a fund at the school district level, to be accessed only with Ministry approval.

STAFF THOUGHTS & CONCERNS

- Reserves will always occur and should be reviewed in context of the size of the District's Budgets.
- Providing districts with some clear guidelines on reserves will be helpful as reserves mitigate risk (to manage unexpected costs such as the Employer Health Tax). Establishing reserves is considered good financial management.
- Having limits on reserves will reduce the accumulated operating surpluses and cash balances which is a major concern for the Ministry.

RECOMMENDATION 21- Finance & Audit

There should be no change in the way that locally-generated revenues are treated by the Ministry when calculating operating funding for school districts.

STAFF THOUGHTS & CONCERNS

- Districts should not be penalized for being entrepreneurial. It is acknowledged that smaller rural districts perhaps do not have the same opportunities however they are compensated through differentiated funding within the Ministry Operating Grants.

RECOMMENDATION 22- Finance & Audit

In the current absence of dedicated funding for some capital expenditures, the Ministry should either:

- Provide capital funding for expenditures that are currently not reflected in the capital program;
- Clarify which items are ineligible for capital program funding and ensure that school districts are permitted to establish appropriate reserves that allow them to save for these purchases on their own (i.e. accumulated operating surplus, local capital).

STAFF THOUGHTS & CONCERNS

- Districts believe the current provincially funded capital program is not keeping pace with the province's facility needs.
- Growing districts (our district) cannot get new space operational fast enough and are buying portables to address the immediate space needs = additional operating costs.
- Portables are not funded so some districts are creating a reserve to manage this cost pressure.
- Current capital funding program does not cover minor capital purchases such portables, vehicles, refresh programs, furniture and equipment. This recommendation may address this concern.