

FINANCIAL MANAGEMENT

Background:

The Division has a responsibility to budget in a fiscally responsible manner to provide effective and efficient stewardship of its funds, resources and assets. The Superintendent, Secretary-Treasurer, associate superintendents, principals and directors are responsible for the financial outcomes of their schools and departments.

Definitions:

Externally Restricted Funds:

are funds received for operations that have stipulations set by an organization external to the Division.

Hold Harmless:

are internally restricted funds that are allocated for a specific purpose during the year and must be recorded and spent only on the approved use—for example, snow removal and severance payments.

Internally Restricted Funds:

are funds received for operations that have stipulations set by the Division—for example, in-year funding allocations and expenses designated as Hold Harmless.

Reserves:

are accumulated surplus funds that may be designated to a school, department or priority.

Procedures:

1. Should exceptional situations arise whereby the overall needs of the Division supersede the needs of individual schools and departments, the Superintendent and Secretary-Treasurer shall adjust carry-forward limits and processes defined in this Administrative Procedure as deemed necessary.
2. During the transition period of leadership staff, the departing leader, the new leader and a representative from Financial Services shall meet about the budget, forecasts and financial position of the school or department.
3. Operating budgets
 - 3.1. Budgets shall be developed and implemented as balanced budgets as per the allocations of the Division.
 - 3.2. Budgets shall be submitted as per the timelines and processes communicated by the Secretary-Treasurer.
 - 3.3. Principals shall provide budget information to their respective school councils and staff prior to the budget submission, and at other times as deemed necessary.

- 3.4. Budgets shall be created using defensible projections, reflecting historical trends and considering the future needs of the school or department.
- 3.5. Budgets shall reflect expenses that are proportionate with Division averages.
4. Monitoring and forecasting
 - 4.1. Principals and directors shall monitor spending and budget variances on a monthly basis for their respective budgets.
 - 4.2. Monthly forecasts are to be completed from December to August.
 - 4.3. Principals and directors shall submit a forecast to the Secretary-Treasurer in a prescribed format, as requested.
 - 4.4. Forecasts that project a deficit shall include a plan to eliminate the deficit by year-end.
 - 4.5. Financial positions and forecasts shall be presented to senior administration and the Board of Trustees.
 - 4.6. Principals and directors shall be accountable for expending internally and externally restricted funds on the specific programs and/or students identified. Internally restricted funds not used for the specified programs and/or students shall be returned to the general reserve of the Division.
 - 4.7. Budget-to-actual variances shall be monitored through a financial reporting process. The Superintendent shall direct changes to be made where appropriate.
5. Operating surplus and deficit (not including school generated funds)
 - 5.1. Surplus and deficit are calculated as follows:
 - 5.1.1. Schools – allocation and reserve carryforwards, less actual expenses in a current year; and
 - 5.1.2. Departments – block allocations, reserve carryforwards and actual revenue, less actual expenses in a current year.
 - 5.2. Schools and departments may carry forward surplus funds of up to one per cent of their total operating budget, excluding:
 - 5.2.1. Next Step schools – surplus shall be returned to the Division Unallocated Reserve.
 - 5.3. Calculation of one per cent carry forward is as follows:
 - 5.3.1. Schools – surplus as a percentage of the operating budget; and
 - 5.3.2. Departments – surplus as a percentage of the operating budget, excluding hold harmless, internally and externally restricted funds.
 - 5.4. Surplus funds shall be applied to the elimination of any prior year existing deficit.
 - 5.5. School and department surplus funds exceeding one per cent shall be returned to Division reserves.
 - 5.6. Reserve funds shall be used to support one-time expenses only as this funding is not sustainable.
 - 5.7. If a school or department incurs a deficit at year-end:
 - 5.7.1. Future budget allocations shall be reduced accordingly.
 - 5.7.2. When the deficit is greater than two per cent of budget or there are recurring deficits—more than one year—that are less than two per cent of budget, the Principal or Director shall provide a written explanation to

the Secretary-Treasurer including a plan to eliminate the deficit in the next fiscal year.

Reference:

Section 52, 53, 68, 137, 139, 140, 143, 197, 222 *Education Act*
Funding Manual for School Authorities
Guide to Education ECS to Grade 12
Policy and Requirements for School Board Planning and Reporting
School Authority Planning and Reporting Reference Guide