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**PREAMBLE**

The Board of Education believes that effective financial management systems build upon systemic financial oversight and monitoring routines that are transparent to the public. The District's Foundational Statements contained in Policy #1.00.00 shall guide the Board in providing financial oversight. The Board believes that a clear definition of processes and areas of responsibility will improve system accountability and will increase the educational value derived from the finite resources available.

**POLICY**

**The Board of Education, through the Superintendent of Schools and Secretary-Treasurer, shall cause the maintenance of records for all revenues, expenditures, and capital assets in accordance with the *School Act* and public sector accounting standards. The Board believes that the maintenance of a strong financial position is fundamental to the District's overall fiscal strategy, and as such, may establish reserve funds to support extraordinary needs, the replacement of depreciated equipment and fixed assets, and to balance operations from fiscal year to fiscal year.**

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**REGULATIONS****Budget Monitoring and Reporting**Operating and Capital Budget Development Process

- 1.1 The Secretary-Treasurer and Superintendent shall be responsible for the finalization of the operating and capital budgets, and shall ensure they are presented to the Board at a public meeting within the required timeline.
- 1.2 The Board of Education shall be provided an opportunity to influence the budget development processes prior to significant consultation occurring with stakeholders and shall be informed of any significant program changes prior to the presentation of the finalized budget.
- 1.3 All operating, special purpose fund and capital budget decisions shall fully consider the District's Foundation Statements, and the strategic plans of the Board.

Establishment of Reserve Funds

- 2.1 Reserve Funds (Operating and Capital) can be established from the following sources:
  - a. By selling off assets (e.g. a school, land, and equipment);
  - b. By establishing through Board motion unrestricted and/or restricted reserves resulting from funds unused in any fiscal year; or
  - c. Through budgeted reserves allocations provided in the annual operating budget.

- 2.2 Reserve Funds can only be accessed by Board resolution or by inclusion in the annual budget of the Board, or in the case of Restricted Capital Reserve, Board resolution and Minister of Education approval.
- 2.3 Reserve Funds will not be used for on-going operating expenses, except as directed by Board motion.

**Accumulated Surplus / Capital Reserves**

Guiding Principles

- 3.1 The following guiding principles form the basis for this Regulation, and shall guide surplus/reserve allocation decisions:
  - a. Healthy surplus levels are important in achieving educational goals including financial health and stability.
  - b. Actual surplus balances need to be considered in regard to other school districts, especially those with a metro Vancouver context, on an ongoing basis to gauge whether financial health is being achieved.
  - c. Surplus goals need to be consistent with, and supportive of, realistic longer-term financial plans.
- 3.2 The Accumulated Operating Surplus Regulation aims to:
  - a. Provide guidance, consistency, and support long-term planning.
  - b. Assist in managing the district’s financial risk.
  - c. Mitigate short-term volatility.
  - d. Provide contingency for unexpected costs.

Role of the Secretary-Treasurer

- 4.1 The Secretary-Treasurer shall be responsible for:
  - a. Recommending the appropriate balances to be maintained in the unrestricted / restricted accumulated operating surplus, and local capital reserve.
  - b. Recommending any increases/decreases and transfers to/from the surplus and reserve accounts.
  - c. Recommending any revisions or amendment to this Policy, as may be required from time to time, as a result of changes in Ministry of Education directives, accounting standards or economic conditions.

**Finance Committee, Audit Committee & Internal Audit**

Finance Committee

- 5.1 The Finance Committee is an advisory committee of the Board, with the following purpose:
  - a. The mandate of the committee is to assist the Board of Education in its financial oversight responsibilities, and to consider and make recommendations to the Board on important financial matters.
  - b. The committee will provide strategic direction and oversight of the development and updating of financial reports, including policies, information technology systems and reporting, and a review of the planning assumptions made by administration. Additionally, the committee will provide strategic

direction into, and assess corporate performance including banking and finance, and review annual budgets and financial reports for consistency with strategic plans.

- c. The committee is responsible for the oversight and development of the annual and amended consolidated operating, special purpose fund and capital budgets.

5.2 The Finance Committee will consist of the following members:

- a. All seven (7) Board members, one of whom shall act as chair of the committee.
- b. Superintendent, Secretary-Treasurer, Assistant Secretary-Treasurer, and other members of the senior management team.

Audit Sub-Committee

6.1 The purpose of the Audit Sub-Committee is to assist the Board and the Superintendent in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process (including Public Sector Accounting Board compliance), and monitoring the school district's compliance with laws and regulations pertaining to financial operations.

6.2 The composition of the Audit Sub-Committee will consist of the following members:

- a. Three (3) Board members appointed by the chair, one of whom shall act as chair of the Audit Sub-Committee; and
- b. Two members of the public appointed by the Board, who are independent to the school district, have no relationship to the audit firm and who are knowledgeable about financial procedures and analysis.

6.3 The Audit Sub-Committee shall have responsibility to oversee the development of audited financial statements, shall ensure necessary financial internal controls exist, shall supervise the audit process, and shall report any statutory non-compliance matters it is made aware of to the Board.

Internal Audit

7.1 The Board believes that internal audit contributes significantly to improving the way the school district operates and helps senior management to achieve Board and district objectives. The internal audit function is established to conduct independent reviews that provide objective information, advice, and assurance to senior management and the Board. Internal audit will promote accountability and best practices in school district operations.

**Financial Statement Discussion & Analysis**

Presentation

8.1 Staff shall prepare a Financial Statement Discussion & Analysis (FSD&A) for presentation with the audited financial statements, which cross-references specific sections of the financial statements. Management shall include a statement acknowledging their responsibility in preparing the FSD&A.