

## FINANCIAL MANAGEMENT

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### PREAMBLE

The Board of Education believes that effective financial management systems are an essential component of appropriate and transparent financial oversight and monitoring. The District's Foundational Statements contained in Policy #1 guide the Board in its financial oversight role. The Board believes that a clear definition of processes and areas of responsibility help to ensure system accountability and will maximize the resources available to support educational programs and services.

### POLICY

**THE BOARD OF EDUCATION, THROUGH THE SUPERINTENDENT AND SECRETARY-TREASURER, SHALL ENSURE THE MAINTENANCE OF RECORDS FOR ALL REVENUES, EXPENDITURES, AND CAPITAL ASSETS IN ACCORDANCE WITH THE SCHOOL ACT AND PUBLIC SECTOR ACCOUNTING STANDARDS. THE BOARD COMMITS TO MAINTAINING A STRONG FINANCIAL POSITION. THE BOARD'S OVERALL FISCAL STRATEGY SHALL AIM TO ESTABLISH RESERVE FUNDS OF BETWEEN 1-2% TO SUPPORT EXTRAORDINARY NEEDS, TO REPLACE DEPRECIATED EQUIPMENT AND FIXED ASSETS, AND TO BALANCE THE OPERATIONAL BUDGET FROM FISCAL YEAR TO FISCAL YEAR.**

**THE BOARD BELIEVES THAT FINANCIAL AND HUMAN RESOURCES SHOULD SUPPORT THE ACHIEVEMENT OF EDUCATIONAL AND OTHER DISTRICT GOALS. THE BUDGET DEVELOPMENT PROCESSES FOR OPERATING AND CAPITAL BUDGETS AIM TO SUPPORT THE BOARD'S STRATEGIC PLANS, AND SHALL BE TRANSPARENT TO THE PUBLIC.**

### Budget Monitoring and Reporting

#### Operating and Capital Budget Development Process

1. The Secretary-Treasurer and Superintendent are responsible for the finalization of the operating and capital budgets for presentation to the Board at a public meeting within the timelines required by the *School Act* and by the Board's annual calendar.
2. The Board will have opportunities to inform the budget development processes in preparation for consultation with stakeholders. The Board will be made aware of any

significant changes being processed prior to the presentation of the finalized budget.

3. All operating, special purpose fund and capital budget decisions require full consideration of the District's Foundation Statements, the Board's Strategic Plan and related operational plans.

#### Establishment of Reserve Funds

1. Reserve Funds (Operating and Capital) are created through Board motion(s) from one or more of the following sources:
  - a. Sale of assets (e.g. a school, land, and equipment);
  - b. Identifying unrestricted and/or restricted reserves that have resulted from funds unused in any fiscal year; or
  - c. Budgeted reserve allocations provided in the annual operating budget.
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.
3. Reserve Funds will not be used for on-going operating expenses, except as directed by Board motion.

#### **Accumulated Surplus / Capital Reserves**

##### Guiding Principles

1. The following guiding principles inform surplus/reserve allocation decisions:
  - a. Healthy surplus levels are important in achieving and sustaining educational goals including financial 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 and can be maintained; and
  - c. Allocation of surplus funds should be considered in relation to realistic longer-term financial plans.
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; and
  - d. Provide contingency for unexpected costs.

##### Role of the Secretary-Treasurer

In consultation with the Superintendent, the Secretary-Treasurer shall be responsible for:

1. Recommending the appropriate balances to be maintained in the unrestricted and restricted accumulated operating surplus, and local Capital Reserve;

2. Recommending any increases, decreases and transfers to or from the surplus and reserve accounts; and
3. Recommending any revisions or amendments to this Policy, as may be required from time to time, as a result of changes in Ministry of Education and Child Care directives, accounting standards and/or economic conditions.

### **Finance Committee, Audit Committee and Internal Audit**

#### **Finance Committee**

1. The Finance Committee is an advisory committee of the Board, with the following purposes:
  - a. To assist the Board of Education in its financial oversight responsibilities, and to consider and make recommendations to the Board on financial matters.
  - b. To provide strategic direction and oversight of the development and updating of financial reports, including policies, information technology systems and reporting, as well as to review planning assumptions made by administration.
  - c. To assess and provide strategic direction regarding corporate performance, including banking and finance.
  - d. Review annual budgets and financial reports for alignment with Strategic and operational plans.
  - e. To oversee the development of the annual and amended consolidated Operating, Special Purpose fund and Capital budgets.
2. The Finance Committee will consist of the following members:
  - a. All 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 as directed by the Superintendent and Secretary-Treasurer.

#### **Audit Sub-Committee**

1. The purpose of the Audit Sub-Committee is to assist the Board and Superintendent in fulfilling oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process (including Public Sector Accounting Board compliance), review of the District's risk management strategy, and monitoring the District's compliance with laws and regulations pertaining to financial operations.
2. The Audit Sub-Committee will consist of:
  - a. Three Board members appointed by the Board Chair, one of whom shall act as Chair of the Audit Sub-Committee; and
  - b. Two members of the public appointed by the Board - both being independent from the District and the audit firm - who are knowledgeable about financial procedures and analysis.

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

Internal Audit

The Board believes that internal audits contribute significantly to improving the District operation and help senior management to achieve the Board's and District's objectives. The internal audit function is empowered to conduct independent reviews that provide objective information, advice, and assurance to senior management and the Board. Internal audit promotes accountability and supports best practices in District operations.

**Financial Statement Discussion and Analysis**

Presentation

Management staff shall prepare a Financial Statement Discussion and Analysis for presentation with the audited financial statements, including cross-referencing specific sections of the financial statements.

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Date Adopted:	2019-11-26	Cross References:	<a href="#">AP #101 Financial Management</a>
Date(s) Revised:	2025-03		