

DATE: May 17, 2022

TO: Board of Trustees

FROM: Trustee Marsha Nelson, Policy Review Committee
Trustee Jan Sawyer, Chair, Policy Review Committee
Trustee Saadiq Sumar, Policy Review Committee

SUBJECT: First, second, third and final reading of Board Policy CO.BP Fiscal Oversight and Accountability

ORIGINATOR: Karen Mills, Director, Board and Superintendent Relations

RESOURCE STAFF: Todd Burnstad, Kelsey Duebel, Kym Fudge, Stephanie Galba, Robert Mah, Nancy Petersen

REFERENCE: [Board Policy CH.BP – Framework for Policy Development and Review](#)

ISSUE

The Policy Review Committee is presenting Board Policy CO.BP Fiscal Oversight and Accountability to the Board of Trustees at public Board for first, second, third and final reading.

BACKGROUND

Board Policy CO.BP Fiscal Oversight and Accountability ensures the fiscal integrity of the Division and effective oversight of the use and management of Division funds. An administrative update to Board Policy CO.BP Fiscal Oversight and Accountability to ensure alignment with the *Education Act* is an item on the Policy Review Committee's 2021-2022 work plan. While reviewing the policy, the Policy Review Committee identified additional opportunities for revisions.

RELATED FACTS

- Revisions to Board Policy CO.BP Fiscal Oversight and Accountability were drafted with input from Administration, specifically staff from Financial Services and Strategic Division Supports.
- The Policy Review Committee provided direction and refined the policy through a series of discussions at its committee meetings on February 22, March 15 and April 12, 2022. The Caucus Committee provided feedback on the policy at its meeting on May 3, 2022.
- Public engagement is not needed to inform the updates to this policy, as the proposed revisions concern legislative alignment, financial processes and governance and language updates that do not change the foundational values and intent of the policy.
- The draft revisions to Board Policy CO.BP Fiscal Oversight and Accountability are intended to:
 - Align the policy with the *Education Act* through minor terminology updates (i.e., changing "District" to "Division" and "School Act" to "Education Act").
 - Clarify and emphasize that the values of transparency, ethics, sustainability and equity will guide financial stewardship and purchasing practices through the use of more direct and concise language.
 - Ensure the policy provides high-level direction and intent while allowing for flexibility and

responsiveness to a range of circumstances through the removal of some excessively detailed, procedural and prescriptive language.

- Clarify terminology through minor language updates (e.g., replacing the term “principal banker” with “primary banking institution”).
- Specify that Division purchasing practices will align with all applicable legislation, trade agreements, obligations, purchasing standards, policies and regulations established for school authorities, instead of only provincial standards and agreements as stated in the previous version of the policy.
- Improve efficiency by removing the requirement for the Division to issue a Request for Proposal for the Division's primary banking institution every five years and instead require a review every five years of the Division's primary banking institution to determine whether the current agreement should be extended or if a competitive purchasing process should be undertaken.
- Align the policy with current reporting practices in which the Division provides the Board with interim financial reports and/or financial projections at least three times per year, not quarterly as stated in the previous version of the policy.

RECOMMENDATION

That Board Policy CO.BP Fiscal Oversight and Accountability be read for the first, second, third and final time and be approved.

OPTIONS

Based on the information provided in this report, the following options are considered most appropriate:

1. Support the recommendation to approve Board Policy CO.BP Fiscal Oversight and Accountability.
2. Complete the first reading of the policy and direct the Policy Review Committee to adopt revisions to the policy prior to second reading.

CONSIDERATIONS and ANALYSIS

The proposed revisions will bring the policy into alignment with relevant legislation and current practices. In addition, the changes will clarify and emphasize the intent and values that guide financial stewardship and purchasing practices in the Division. The revisions are informed by subject matter experts in the Division and do not require public engagement as they do not change the intent or values of the policy.

In the Policy Review Committee's 2021-2022 work plan, the intended timeline to have this policy work completed is the 2021-2022 school year. Approval to move forward with this draft of the policy will align with this timeline.

NEXT STEPS

Upon approval of the recommendation, the updated policy will be posted to the Division website and the Superintendent of Schools will oversee necessary steps to implement the updated policy.

ATTACHMENTS and APPENDICES

ATTACHMENT I Board Policy CO.BP Fiscal Oversight and Accountability

JS:kd

CODE: CO.BP

EFFECTIVE DATE: (20-06-2017)

TOPIC: Fiscal Oversight and Accountability

ISSUE DATE: (21-06-2017)

REVIEW YEAR: (2024)

PURPOSE

To provide an accountability framework to ensure the fiscal integrity of the Division and effective oversight of the use and management of Division funds.

DEFINITIONS

Division funds are derived primarily from Alberta Education funding but include funds from all revenue sources including but not limited to conditional grants, public gifts and donations, sale of Division owned assets, facilities rental and service charges, investments, transportation service fees, school shop customer service charges, student fees.

Senior Officials are those individuals occupying the following positions:

- Superintendent of Schools
- Assistant Superintendents
- Executive Directors
- Treasurer / Chief Financial Officer
- Corporate Secretary
- General Counsel
- Managing Directors

Site-Based Decision Making, sometimes called decentralized decision making, is a process of empowering those most closely affected by a decision to play a significant role in making those decisions. Managerial authority and accountability for financial decisions is delegated by the Superintendent of Schools to specific school/decision unit (DU) administrators for their respective school/DU budget. Our Vision, Mission, Priorities, board policies, administrative regulations and procedures establish the parameters within which all decisions must be made.

Financial stewardship is the careful and responsible planning and management of Division financial resources to achieve the educational objectives of our Vision, Mission and Priorities on behalf of the public. Stewardship of financial resources begins with transparency and compliance with legislation, policies, regulations and internal controls.

Internal controls are the checks and balances established by the Division to provide reasonable assurance about the achievement of objectives for reliability of financial reporting, effectiveness and efficiency of operations, safeguarding of resources and assets and compliance with applicable laws and regulations.

POLICY

The Board of Trustees (the Board) is responsible for ensuring effective and efficient stewardship of Division financial resources and assets placed in its trust for the provision of public education now and into the future. It

is important that stewardship of Division financial resources and assets aligns with Division values and reflects consideration of equity, inclusion and environmental sustainability.

The Board recognizes that the fulfillment of our Vision, Mission and Priorities is dependent on compliance with all legislative requirements and Public Sector Accounting Standards (PSAS), effective financial planning and management, the application of internal controls and clearly defined roles and accountabilities. The Board also believes that the management of Division finances is based on a foundation of integrity, prudence, public accountability and full disclosure of results.

The Board is committed to a system-wide culture of collaboration and site-based decision making and as such, trustees, senior officials and all staff share responsibility for modeling effective and efficient stewardship of Division financial resources. The Board expects all school/DU administrators to exercise their stewardship of Division financial resources by knowing and understanding their respective managerial authority, responsibility and accountability for decisions that have a financial impact on the Division.

The Board seeks maximum value for the expenditure of Division funds through purchasing practices that are fair, transparent and promote competition among vendors.

The annual Division budget is the fiscal plan to achieve the Vision, Mission, Priorities and strategic plan of the Division and the province. The Division's individual school/DU budget development processes include a review of the results from the previous year for continuous improvement. The budget process serves as a means to improve communications and involvement both within the school system and with the broader community.

The Board shall approve:

- The annual budget and results review process.
- The annual distribution of funds and any updates that are required during the year.
- The annual operating budget.
- Any expenditure of \$1.2 million or more that is not accounted for in the current year budget (Board Policy CHA.BP Delegation of Authority).
- The transfer of funds into and the use of funds from the capital reserve.
- The annual appointment of the external auditor for the Division.
- The appointment of the primary banking institution for the Division.

The Board believes that it is fair and appropriate to reimburse trustees and staff for approved travel and other expenses incurred while carrying out Division business. To ensure accountability and public transparency, all trustees and staff shall adhere to Division administrative processes for reimbursement and/or payment of expenses incurred on Division business. Furthermore, expenses incurred by and on behalf of trustees and senior officials on Division business shall be routinely and publicly disclosed in alignment with the elected and senior officials' public disclosure practices of the Government of Alberta.

The Board acknowledges that schools cannot charge for instruction but that it may be necessary for schools to charge specific fees for supplies or materials that enhance instruction, in accordance with the *Education Act*. While the Board recognizes the need to charge specific fees, economic circumstances shall not be a barrier to a student's access to curricular outcomes. Decisions related to charging specific fees will be transparent and made in consultation with parents. All fees charged shall be publicly disclosed and the funds derived shall be used for the purposes for which they were collected.

Edmonton Public Schools is a "Registered Canadian Charitable Organization" within the meaning of the *Income Tax Act* and, as such, all gifts and donations shall be accounted for and used to enhance educational opportunities offered to students consistent with Division priorities, policies and values. In order to assist community groups seeking funding for their own activities, the Board delegates authority to the Superintendent of Schools to approve Division endorsement of and participation in community activities or projects that reflect our Vision, Mission and Priorities and support teaching and learning.

EXPECTATIONS

1. To safeguard and provide effective oversight and accountability for the use of Division funds and asset management, the Superintendent of Schools shall implement this policy through:
 - a. Administrative regulations, processes and best practices aligned with provincially and federally legislated requirements, PSAS and Alberta Government elected and senior official expense disclosure practices.
 - b. The assignment of responsibilities and accountabilities.
 - c. A system of internal controls.
2. Division purchasing practices shall align with all applicable legislation, trade agreements, obligations, purchasing standards, policies and regulations established for school authorities.
 - a. Division purchasing practice shall give consideration, where applicable, to the following:
 - i. Value relative to cost, quality and suitability of the product or service.
 - ii. Vendor performance, reputation, experience and ability to fulfill all requirements of the contract.
 - iii. Environmental sustainability and impact.
 - iv. Social equity and impact.
 - v. Adherence to established ethical business standards.
3. At intervals not exceeding five years:
 - a. The Division shall review the current financial institution appointed as the Division's primary banking institution to determine whether the current agreement should be extended or if a competitive purchasing process should be undertaken.
 - b. A competitive purchasing process shall be undertaken for qualified firms or individuals for appointment as the Division auditor.
4. The annual budget development and results review process shall provide trustees, staff, students, parents and community members with an opportunity for involvement.
5. Annual Division and school budgets, audited financial statements and results achieved by the Division shall be made publicly available.
6. The acceptance of donations of property (cash and gifts in kind), that may be eligible for official tax donation receipts in accordance with Canada Revenue Agency, shall be for the advancement of education which includes, but is not limited to the following:
 - a. The establishment of scholarships or memorial funds.
 - b. The giving of special prizes or awards to students.
 - c. The promotion of co-curricular or extra-curricular activities.
 - d. The purchase of equipment.
 - e. The funding of facility additions or enhancements.

7. Schools will use a fair and transparent approach to fee waivers for families unable to pay fees.

ACCOUNTABILITY

The Administration shall provide the following monitoring reports to the Board of Trustees:

- Interim financial reports and/or financial projections at least three times per year.
- Annual audited financial statements.
- School and decision unit annual plans.
- Results review documentation.
- Annual Alberta Education Results Report.

REFERENCES

CHA.BP - Board Delegation of Authority

CSGA.AR - School Generated funds

CSGB.AR - Administration of School Collected Funds

CSGE.AR - Customer Service Charges

CVB.AR - Guidelines for Surplus Funds for Central and School Decision Units

CW.AR - Purchasing and Disposal

CWA.AR - Expenditure of Division Funds

HNB.AR - School Fees

IH.AR - Public Gifts

Trustees' Handbook s. 5.5 Audit Committee

Trustees' Handbook s. 6.3 Four-Year Budget Planning and Results Reviews

Education Act Sections 51(1), 138