



The Board of Education of School District No. 83 (North Okanagan-Shuswap)

BRIEFING NOTE

TO: Board of Education **DATE:** December 15, 2020
FROM: Alanna Cameron, Secretary Treasurer
RE: **Statement of Financial Information – Schedule of Remuneration and Expenses
Supplemental Information**

Purpose

This briefing note is being presented in an effort to provide the Board and public with further information and detail, along with current and historical context, related specifically to the Schedule of Remuneration and Expenses within the Statement of Financial Information (SOFI) for School District No. 83 (North Okanagan-Shuswap).

Background

The ministry requires school boards to account fully for how they manage and spend the government's education funding.

School District Financial Reporting provides school boards with a financial reporting framework. It also works with all boards to provide them with instructions and direction on budgeting, accounting and the reporting of the funds they receive from both the ministry and other sources.

The federal government is responsible for funding the education of First Nations on-reserve students. School boards with First Nations on-reserve students receive federal funds through various mechanisms. School District Financial Reporting manages the reconciliation of this funding.

In monitoring school board accountability, the ministry's two primary objectives are:

1. to ensure boards of education are meeting their legislated and government policy-based financial responsibilities (e.g. submitting school district budgets on time; submitting audited financial statements on time; proper adoption of bylaws), and
2. to ensure school district budgetary information and financial information are available, comparable and audited.

In accordance with the *Financial Information Act*, each school board is required to prepare a report of financial information for each fiscal year. The Ministry of Education compiles the statements annually. Statements of Financial Information for the sixty entities reporting under the Ministry of Education for the **2018/2019** School District Fiscal Year can be found on the provincial government's website at the link below:

<https://www2.gov.bc.ca/gov/content/education-training/k-12/administration/resource-management/school-district-financial-reporting/statement-of-financial-information>

One of the requirements of the SOFI, and often a primary focus/interest, is the **Schedule of Remuneration and Expenses**. This schedule lists all remuneration paid to trustees and those employees with remuneration exceeding \$75,000, along with the total of the work-related expenses the district has paid on their behalf during the reporting period.

1. **Remuneration** includes any form of salary, wages, taxable benefits, payment into trust or any form of income deferral paid by the Board to an employee but does not include anything payable under a severance agreement. Remuneration for individual employees can include payouts for vacation, gratuity and compensatory time not taken, in addition to regular salary. Remuneration also includes taxable benefits for vehicle allowances for employees who regularly use their personal vehicle for school district business and the employer-paid portion of provincial medical insurance and group life insurance premiums.
2. **Expenses** are defined to include travel expenses, memberships, tuition, relocation expenses, registration fees, cellular voice and data services and similar amounts paid directly to an employee, or to a third party on behalf of an employee.

Expenses paid on behalf of employees are permitted and approved based on three main categories:

1. Employment Contracts:

Defined contributions for personal growth and professional development outlined in excluded staff contracts must be approved by the Board, BC Public School Employers Association (BCPSEA) and the Public Sector Employment Council (PSEC).

The Board encourages the ongoing professional development of its excluded staff and affirms its commitment to opportunities for professional growth through participating in professional development programs and recognized professional activities.

As per current employment contracts, the Board will:

- i. pay the fees for membership in a professional organization to which members of management/exempt staff must belong by virtue of their positions.
- ii. permit attendance at workshops, seminars and annual conferences subject to the approval of their supervisor.
- iii. reimburse 100% of the course fee upon proof of satisfactory completion of a course(s) that are related to the duties of the position held by the management/exempt staff member, and approved by their director supervisor.
- iv. establish and administer a fund for the purpose of promoting the professional development of the Principal or Vice-Principal. The Principal or Vice-Principal will submit annually a focused professional development.

2. Collective Agreements:

Defined allowances and monetary contributions for unionized staff are outlined in collective agreements as ratified by the Board and BCPSEA.

CUPE

As per the current support staff collective agreement, the Board will provide:

- i. allowances for district approved clothing and footwear, as deemed necessary to carry out assigned duties
- ii. automobile allowances, where an employee is requested by the employer to use

- a private automobile to carry out their duties
- iii. meal per diems as required during over-time shifts
- iv. reimbursement for the cost(s) of any course of instruction required by the employer for any employee to better qualify the employee to perform their job
- v. in-service training during the term of the agreement to all employees. In-service training may include district workshops, out-of-district workshops, college courses, on the job training and individualized and group training programs
- vi. Reimbursement for the cost of the loss of the tradesperson's tools in cases of flood, fire or theft

NOSTA

As per the current teachers' collective agreement, the Board will provide:

- i. upon proof of receipt, fees required for annual Professional Certification required to be held for employment by School Psychologists and Speech Language Pathologists
- ii. for an employee's vehicle that is damaged by a student at a worksite or an approved school function, or as a direct result of the employee being employed by the employer
- iii. an employee for loss, damage or personal insurance deductible to personally owned professional material brought to the employee's workplace to assist in the execution of the employee's duties
- iv. mileage to teachers who are requested by the employer to use their personal vehicles in order to carry out their regular duties or other employer business
- v. reimbursement for the costs of moving for employees transferred at the request of the employer, provided that the new teaching area is in a different community

3. General Travel and Related Expenses – all staff

Day-to-day travel and employment-related expenses incurred by district personnel while performing authorized duties on behalf of the district are provided for or reimbursed in accordance with ***Regulation 4020-04 - Travel and Related Expenses District Personnel.***

Upon the request of department managers, cell phones and service (either voice/data or voice only) are provided to personnel who are, as per the defined responsibilities of their position, required to remain accessible to the district while off-site or after normal working hours.

Summary of Current Expense Approval Process

1. Systems are in place that capture employee expenses (ie employee reimbursements, paid to a third party on behalf of an employee, expenses for another employee, purchasing/travel cards).
2. Employees submit employee expense reimbursement form electronically (Atrieve EEW) with attached receipts, casual employees submit manually with attached receipts.
3. Expense claim forms must be reviewed by clerical staff where applicable (ie schools).
4. Expense claim forms must be reviewed and approved by the immediate supervisor.
5. Accounts Payable Clerk / Designate must review and approve the expense claim form.
6. District Accountant reviews the Accounts Payable pre-cheque list for employee reimbursements and also does spot checking (ie random checking, large reimbursement review).
7. Employee expenses are processed for payment by EFT payment.

Related Internal Controls (currently in place)

- Employee expenses are reviewed and approved before reimbursement.
- Employee expenses require an explanation (ie: purpose for mileage expense).
- When employees submit the reimbursement form, they are certifying that the expenses were incurred for School District 83 business and are in compliance with school district policy, regulations and guidelines.
- Employee expenses must be charged to an appropriate GL account with an approved budget (unable to charge to a different cost center without approval) with real time access to accounts by the account owner/manager.
- Employee expenses are reviewed for reasonableness and require receipts as backup documentation.
- Employee expenses may be held or denied at various levels in the system (ie incomplete form, no backup documentation, equipment and software licenses are not reimbursable).
- Employee expenses that are unusual or questionable are flagged by the Finance Department for management's review and action.
- Employee expenses are not approved if outside the current fiscal year (unless Secretary Treasurer approval).
- BMO Purchasing / Travel MasterCard program in place with appropriate internal controls and procedures in place (ie acknowledgement form, conditions of use, limitations, transaction limits, review/approval process, SOFI impacts).
- District Leadership promotes an honest / ethical work environment.
- Related School District Policies and Regulations are in place and are reviewed periodically as required.
- Finance memorandum on Gift Cards/Certificates, Gifts (cash/non-cash), Honoraria is communicated to all schools/departments bi-annually.

- Management is responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and reliable financial information is produced.
- Managements system of internal controls are reviewed annually by our external auditor.
- School District financial statements are audited annually by an external auditor with full access to staff and financial records.
- The SOFI report is prepared by Management and is checked for reasonableness (ie file review, year over year analysis).
- The annual SOFI review includes reviewing a sample of employee expenses including executive expenses.
- The SOFI report follows the prescribed format (ie Schedule of Remuneration/Expenses lists all elected officials, lists only employees with remuneration > \$75,000, provides aggregate total for employees <= \$75,000).
- The full SOFI report is received and approved by the Board in a public meeting and is posted annually to both the District's and the Ministry of Education's websites under Financial Information.

Provincial Context

In comparing total operating revenues to total employee expenses across 58 of the 60 districts (one unavailable and CFS not comparable) reporting under the Ministry of Education for the **2018/2019** School District Fiscal Year, staff have concluded the following:

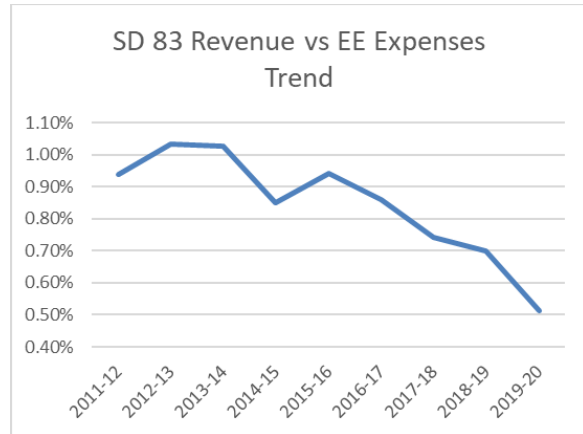
1. The ratio of SD 83's total employee expenses as compared to total operating revenues was lower than 36 districts in 2018-2019, even though only 21 districts had higher over-all revenues. Seven districts with higher revenues had higher ratios of total employee expenses.
2. SD 83's total employee expenses were within 1% of the provincial average, as compared to total operating revenues.

Based on these findings, district leadership is assured that employee expenses are well within reasonable limits.

Historical Context

In reviewing SD 83 SOFI from past years, staff have confirmed that although both student enrolment and over-all funding have increased substantially over the past nine years, employee expenses have actually declined.

Fiscal Year	Total Operating Revenue	Total Employee Expenses	Ratio
2011-12	63,829,747	598,894	0.94%
2012-13	63,806,528	660,542	1.04%
2013-14	61,774,225	633,987	1.03%
2014-15	61,537,926	523,965	0.85%
2015-16	61,191,814	576,760	0.94%
2016-17	62,805,834	540,251	0.86%
2017-18	65,056,915	482,352	0.74%
2018-19	68,502,663	479,223	0.70%
2019-20	72,595,628	371,225	0.51%



Based on these findings, district leadership is satisfied that employee expenses are well within reasonable limits.

Supporting Documentation

1. REGULATION: 4020.04R – Travel and Related Expenses District Personnel
2. POLICY: 7020 Whistle Blower Protection
3. REGULATION: 4050.03R Purchasing Cards

Recommendation

No action; for information only.

Respectfully submitted,

Alanna Cameron

Alanna Cameron
Secretary Treasurer