



REPORT TO

AUDIT COMMITTEE

2019-20 SECOND QUARTER FINANCIAL STATUS UPDATE

"Whatsoever thy hand findeth to do, do it with all thy might."

Ecclesiastes 9:10

Created, Draft	First Tabling	Review
June 16, 2020	June 22, 2020	

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INFORMATION REPORT

Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.

We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.



Rory McGuckin
Director of Education

D. Koenig
Associate Director
of Academic Affairs

L. Noronha
Associate Director of Facilities,
Business and Community
Development, and
Chief Financial Officer

A. EXECUTIVE SUMMARY

This Financial Update Report as at February 29th 2020 provides a year-to-date look at significant financial activities at the Board.

This is the second update for fiscal 2019-20 using the Revised Estimates approved by the Board of Trustees in December 2019. The Board was on track to generate an in-year deficit this year as per the approved 2019-20 Revised Estimates, however, COVID-19 closures will result in enough savings to create a surplus. Appendix A provides a more detailed variance summary.

The cumulative staff time required to prepare this report was 20 hours.

B. PURPOSE

The Financial Update report is required to keep Trustees informed on the Board's financial performance through the year and illustrate any variance in expected outcomes. The report will provide a systematic analytical review of Operating and Capital Budgets, in the following order:

- High Level Review and Risk Assessments of Operating Revised Estimates
- Staff Absenteeism
- High Level Review of School Renewal and Capital Projects

C. BACKGROUND

1. *This report is recognized as a best practice in the province.* The Ministry of Education and the District School Board Reporting Workgroup have both identified regular periodic financial reporting as a best practice in managing the Board's financial outcomes.
2. *Year to year teaching days are comparable.* When comparing the percentage spent to this period last year, it is important to note that YTD February 2019 had 116 teaching days compared to the actual YTD February 2020 of 114 teaching days. The 114 teaching days for YTD February 2020 accounts for 3

job action days by OECTA. Had there been no job action by OECTA, the YTD February 2020 teaching days would have totalled 117.

D. EVIDENCE/RESEARCH/ANALYSIS

HIGH LEVEL REVIEW AND RISK ASSESSMENTS OF OPERATING REVISED ESTIMATES

1. ***COVID-19 school closures, effective as of March 13, 2020, will result in a Net Savings of \$8.6M.*** Costs related specifically to school closures will result in savings of \$14.2M. This is slightly offset by costs of \$3.7M related to additional technology required for online learning and a reduction of \$1.9M in Revenues.

Estimated Additional Costs and Savings due to COVID-19

<u>Expenditure Saving</u>	<u>\$M</u>
Occasional Staff Costs	5.90
Transportation	2.00
Utilities	3.20
Other Savings	<u>3.10</u>
Total Expenditure Savings	14.20

<u>Additional Costs</u>	<u>\$M</u>
Investment in Student Technology	3.00
Cleaning Supplies	0.50
Security	<u>0.20</u>
Total Additional Cost	3.70

<u>Revenue Loss</u>	<u>\$M</u>
Loss of Revenue Sources	1.90

<u>Net Savings</u>	8.60
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2. ***Salary and Benefit expenditures are expected to finish on target for this academic year.*** Overall, in the Salary and Benefits area, Figure 1 below illustrates the current risk exposure. This expenditure category is the most closely monitored risk as it comprises the largest portion of the revised operating expenditure estimates. These expenditures are expected to be on track at this time.

Figure 1: Salary and Benefits Variance / Risk Analysis

	<i>Actual to Revised Estimates</i>		<i>Actual to Previous Year</i>		<i>Risk Assessment</i>
<i>Instructional Salaries</i>	↓	2.3%	↓	0.1%	●
<i>Instructional Benefits</i>	↓	2.6%	↓	1.3%	●
<i>Non-Instructional Salaries</i>	↑	0.8%	↑	0.3%	●
<i>Non-Instructional Benefits</i>	↓	2.5%	↓	0.6%	●

● = Low: On Track ◆ = Medium: Monitor ◆ = High: Action Required

Salaries and Benefits for both Instructional and Non-Instructional categories are projected to finish below budget due to the COVID-19 school closures. This will result in an estimated reduction of Occasional Staff Costs totalling \$5.9M

3. ***Job action*** by OECTA resulted in a total of 3 strike days and the job action by ETFO resulted in a total of 6 strike days in the months of January and February 2020. The reduction to Salary and Benefit expenses, as a result of this job action, has been reflected in this report, \$8.9M. There is an equal and offsetting reduction to Ministry Grant revenue.
4. ***At an aggregate level, the total of other expenditure categories (besides salary and benefits) are expected to finish on target.*** Overall, in the Non-Salary area, Figure 2 below illustrates the current risk exposure.

Figure 2: Non-Salary Variance / Risk Analysis

	<i>Actual to Revised Estimate</i>		<i>Actual to Previous Year</i>		<i>Risk Assessment</i>
<i>Instructional Expense</i>	↓	8.1%	↑	0.2%	●
<i>Transportation Expense</i>	↓	1.1%	↑	14.9%	●
<i>Operations & Maintenance</i>	↓	7.0%	↑	3.0%	●
<i>Other Administrative</i>	↑	19.7%	↑	51.5%	●

While Instructional and Operations & Maintenance is tracking low compared to Revised Estimates, they are considered a low risk because of the timing of expenditures. As a result of COVID-19 school closures, Transportation and Utilities are expected to finish the year below budget by \$2.0M and \$3.2M, respectfully, while Computer and Technology expenses are estimated to finish \$3.0M above budget.

5. ***Permit Revenues (Community of Schools)***

- i. Due to the CUPE job action and Teachers strikes in Q2, permits were cancelled. As a result, TCDSB will see a decrease in permit revenue compared to budget.
- ii. Projections forward into Q3 indicate permits will be further reduced as all permits have been cancelled during the shutdown of schools due to the COVID -19 virus. At this time, it is estimated the Board will lose approximately \$.26M from COVID closures. Permit expenses should also be reduced resulting in some savings.

6. ***Rental Revenues (Day cares)***

- i. Due to the CUPE job action and Teacher strikes in Q2 – day cares were affected by school closures. As a result, day-care providers will

likely see a decrease in their revenues, TCDSB will also see a small decrease in these revenues compared to budget as TCDSB closed the day cares.

- ii. Projections in Q3 and Q4 will be further reduced as all day cares have been closed during the 3 weeks of shutdown due to the COVID -19 virus. At this time, it is estimated the Board will lose \$.86M from day care closures due to COVID.

7. ***GSN Grant Revenue Strike Savings GSN claw back (-\$8.9M).*** As a result of the OECTA Teachers and ETFO (DECE's) strike in Q2, the TCDSB will have to send back GSN funding in the amount of \$8.9M (net of strike expenses). The \$8.9M is the Salary saving from not paying Teachers and DECE's and are also reflected in the reduction of expenses.

8. ***Secondary Enrolment for March 31st is projected to decrease, affecting the 2019-2020 Revenue Budget Estimates by -399 ADE or \$4.5M in GSN funding.***

- i. ONSIS enrolment submission to the Ministry have a deadline of May 31, 2020; however, due to the COVID -19 virus, ONSIS reporting will be delayed to the end of June 2020, as schools have been closed.
- ii. As such, Business Services staff believe it would be appropriate to provide notice on the preliminary secondary enrolment decrease that is projected for ONSIS secondary school reporting purposes.
- iii. At March 13th 2020, a preliminary snapshot of enrolment was taken; this is a very preliminary number and will change as TCDSB School and Central staff go through the ONSIS submission process.

	2019-20 Estimates (Consensus Enrol. Proj)	Change	2019-20 Rev Est	Change	2019-20 Pre- ONSIS March Preliminary
Secondary ADE	28,763.14	(191.14)	28,572.00	(398.59)	28,173.41

9. ***ESL Enrolment +\$2.4M GSN*** - An additional +731, mainly secondary students, over the 2019-20 Revised Budget Estimates arriving from non-English speaking countries within the last 4 years generated an additional +\$2.4M in GSN funding.

STAFF ABSENTEEISM AND EMPLOYEE FAMILY ASSISTANCE PROGRAM

10. ***Staff Absenteeism Rates and Occasional Fill Rates have increased.*** Recent statistics provide evidence that overall staff absenteeism rates experienced an increase of 1,677 days over the same period, from the prior year. The average absence days per FTE are 11.6 compared to 11.3 in the prior year's YTD second quarter.

** Absence days are Category A&B and are inclusive of: Personal/Family Illness Days, Urgent Personal Business Days, Bereavement, Compassionate Leave, Health & Safety Inspections, In Lieu of Planning, Jury Duty/Subpoenaed as Witness, Recoverable, Special Circumstances, Special Permission, Suspension and Teachers' Earned Leave Plan – Partial Paid Days. **

11. ***Staff absenteeism continues to be an area of concern for the Board.*** Despite the rise in Occasional Teacher costs shown in Figure 5a, they are expected to end in line with budget. Figure 5b illustrates the 13-month trend in Occasional Teachers salary. The first 6 months of the school year experienced higher levels of salary when compared to prior year. This graph highlights any trends in absenteeism by month, year over year.

Figure 5a: YTD Occasional Teachers Salary (\$M's)

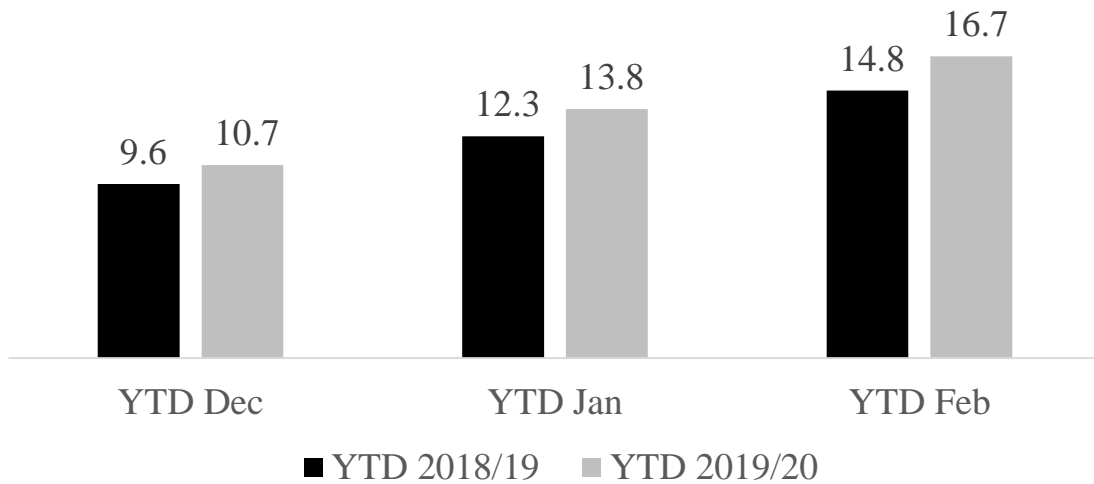
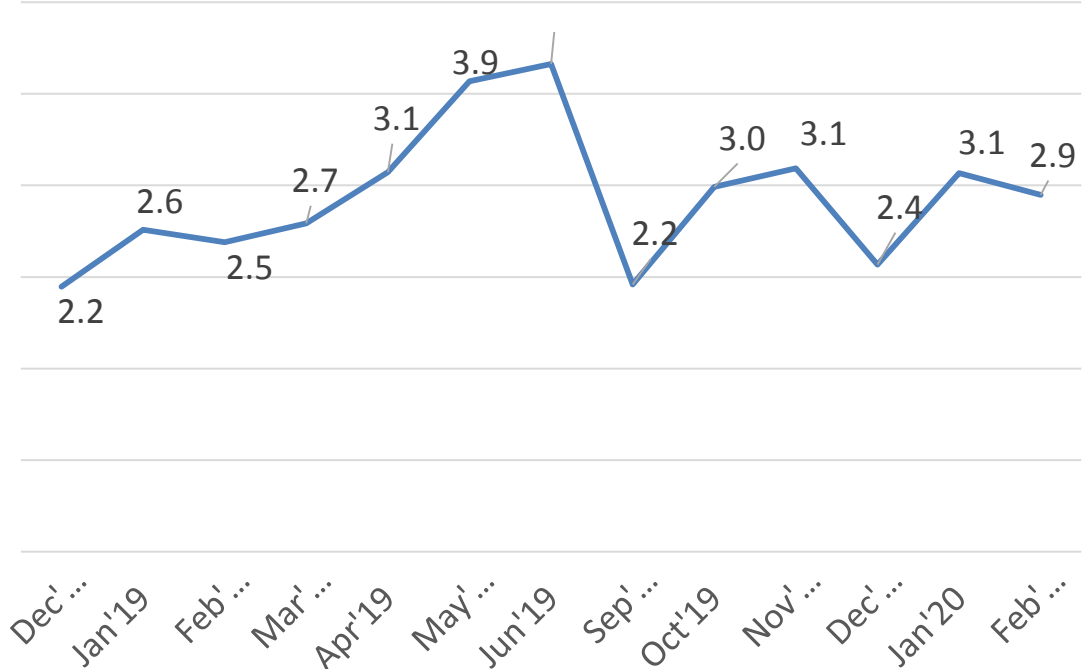
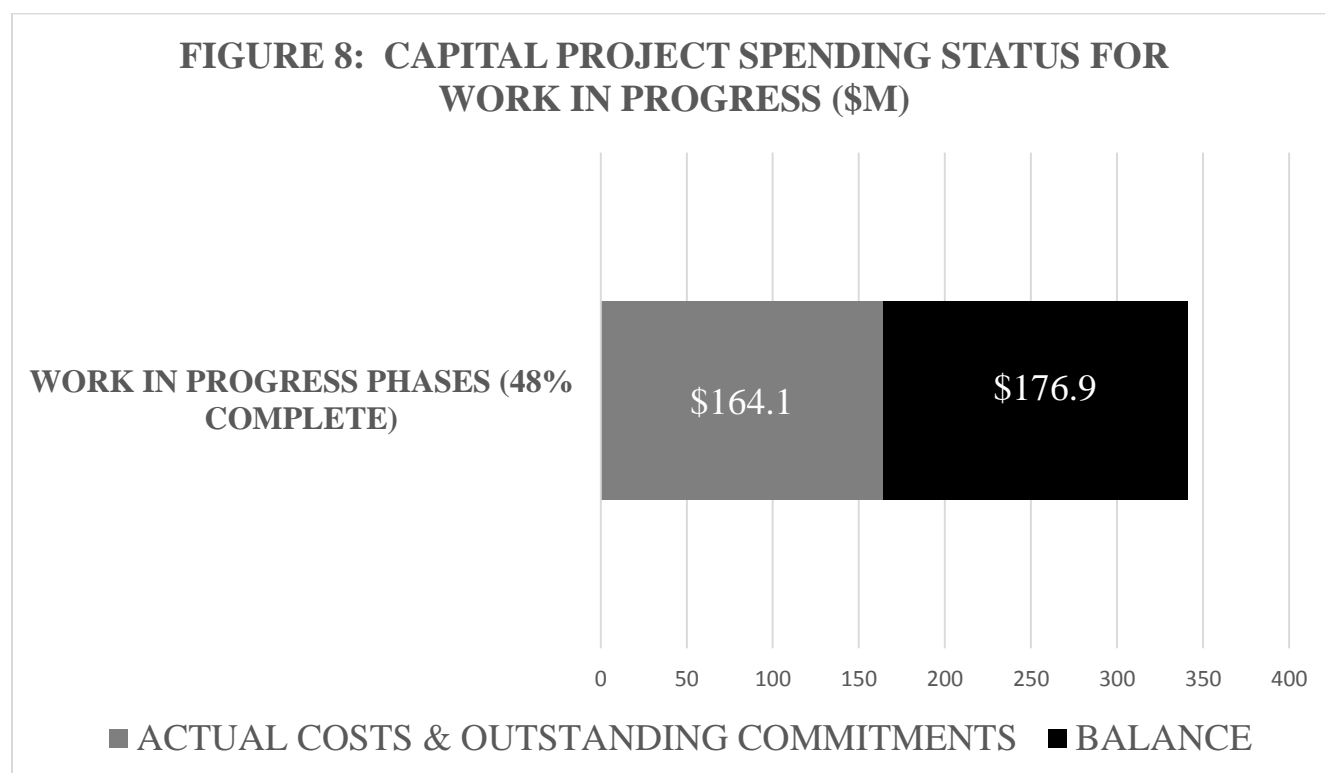


Figure 5b: Occasional Teachers Salary (\$M's)
13 Month Trend



HIGH LEVEL REVIEW OF SCHOOL RENEWAL AND CAPITAL PROJECTS

1. ***The Capital program totals \$341 million.*** The Board received Capital Project funding for many new schools, additions and childcare spaces. The capital program funding includes Childcare funding and Full Day Kindergarten funding for projects where applicable. Figure 8 illustrates the Ministry approved capital budgets, the amount spent and/or committed, the balance remaining and the percentage completed by each Phase. **Appendix B** provides more detail regarding the Capital Projects Phases 1 to 8.



Phase I - 16 School Additions (*Projects Completed*)

Phase II - 6 New Elementary Schools (*Projects Completed*)

Phase III - 5 New Elementary Schools, 1 Secondary School (*Work In Progress*)

Phase IV - 9 School Additions & 3 New Elementary Schools (*Work In Progress*)

Phase V – Full Day Kindergarten (*Projects Completed*)

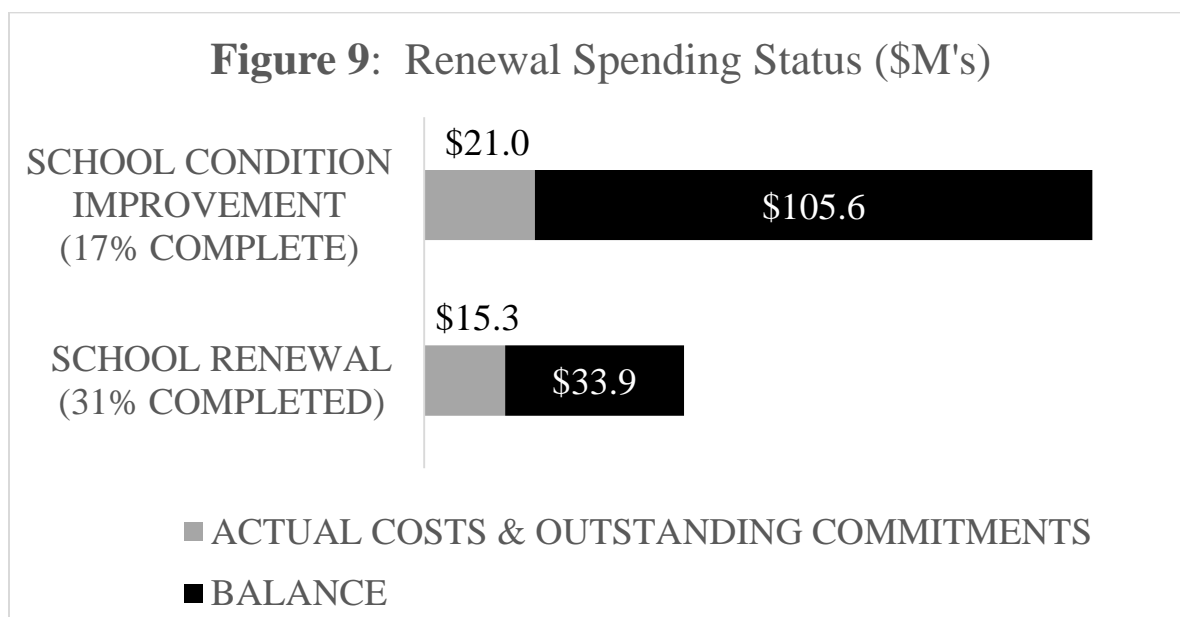
Phase VI – Railway/Bishop MacDonnell consolidated into **Phase VII**

Phase VII - 6 New Elementary Schools, 1 New Secondary School (*Work In Progress*)

Phase VIII – 6 School Additions & 1 New Elementary Schools (*Work In Progress*)

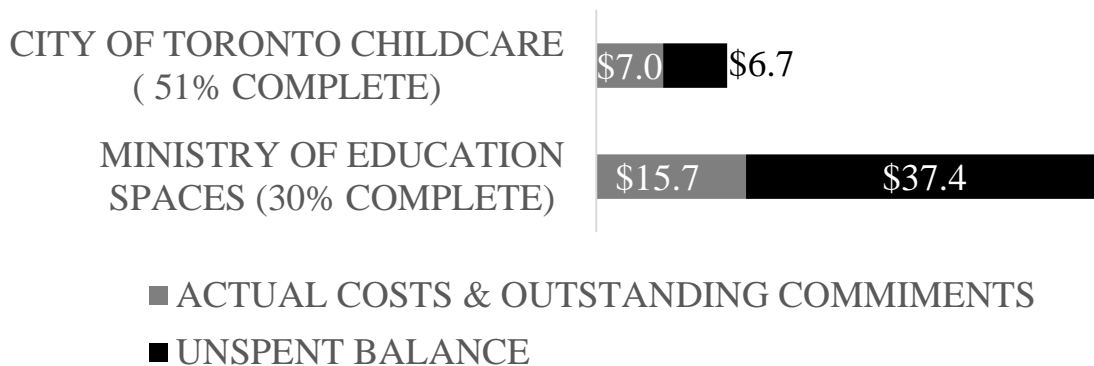
The Renewal Program consists of major building component replacements and site improvements for a total available at September 1, 2019 of \$175.8M with funding of approximately \$139.5M remaining. The Regular School Renewal Grant, School Improvement Grant and several other grants provide the funding for the School Renewal Program.

Figure 9 provides a high-level view of the Ministry Approved funding, and Appendix C provides the detailed Actual & Committed Amounts spent and the balance remaining for School Renewal and School Renewal Capital Projects to date:



2. ***The Capital budget also includes two Childcare Program capital projects.*** The childcare program consists of childcare additions, childcares as part of new school construction and retrofit of existing childcares. Childcare capital funding is received from the Ministry of Education and the City of Toronto for purposes of building childcare space at specific schools. Figure 10 presents the status of progress to date including the percentage complete, actual and committed costs, as well as the balance remaining for both the Ministry and City of Toronto funded childcares.

**FIGURE 10: CHILDCARE CAPITAL PROGRAM
SPENDING STATUS (\$M)**



E. METRICS AND ACCOUNTABILITY

1. ***In compliance with the Purchasing Policy, the Contract Awards Report will list Tenders and Request for Proposals (RFP) awards.*** This report has been posted on the TCDSB's website, and provides details such as Project/Service/Products, Ward, Supplier and low bid/highest score and total contract amount:

<https://www.tcdsb.org/Board/BoardAdministration/AdministrationOffices/purchasing/ContractAwardsReports/Pages/Default.aspx>

A Tender award is based on the compliant low bid meeting specifications, and Contractors bidding on construction or maintenance projects must be prequalified.

The report lists the total value of the project over the term of the contract, however, the actual amount may vary depending on the volume of product or services used during the term of the contract. An RFP award is based on the overall highest scoring proposal, and the evaluation is based the on the scoring of specific weighted criteria including price.

2. ***The Government of Ontario is implementing Smart Initiatives to transform how the public sector delivers services and achieves better outcomes for businesses and citizens.*** One of the Smart Initiatives, Supply Chain Centralization (SCC), will make it easier and more efficient to deliver services and to do business with the province. Understanding spend and

procurement data is a key enabler of the next phases of the initiative, including finding early wins through harmonization and collaboration opportunities. A contact at the TCDSB was provided to the Ministry of Education.

3. ***BPS organizations must use existing Vendor of Records (VOR) arrangements whenever possible and appropriate***, regardless of the value of the procurement. A VOR arrangement could be an Enterprise Vendor of Record arrangement managed by Ministry of Government and Consumer Services(MGCS), or any other arrangement available to the organization. Any new contract, including any extensions, must not exceed two years. In cases where a new contract will exceed two years, organizations may proceed with the procurement; however, they must submit a Procurement Rationale Report at least 45 days prior to issuing an In-Scope procurement greater than \$100,000.
4. ***BPS organizations must prepare and submit the following reports to the funding ministry:***
 - Planned Procurement Report: information on planned procurements for 2019 and through to the end of 2021 to the extent the information is available.
 - Activity Update Report: information on procurement activity over the past six months, highlighting any variance from the planned procurement report; include a rationale for any variances.
5. ***The actual revenues and expenditures are tracking to the Revised Estimates at the end of the first half as detailed in this report.***

F. CONCLUDING STATEMENT

This report is for the consideration of the Audit Committee.