



POLICY SECTION: FINANCE

SUB-SECTION: MISCELLANEOUS

POLICY NAME: EFFECTIVE FINANCIAL
MANAGEMENT AND CONTROL OF
OPERATIONS

POLICY NO: F.M. 08

Date Approved: May 2013	Date of Next Review: May 2019	Dates of Amendments: November 13, 2013- Board May 2016- Board
Cross References: (1) Education Act, Section 243 Ontario Regulation 41/10 (2) Education Act, Section 232 (3) Education Act, Section 231 <i>Consolidated policies:</i> FM05 Signature-Facsimile, FB01 Banks, FB02 Bank Line of Credit, FB03 Short Term Financing and FM06 Cheque Register		

Purpose

To provide greater financial accountability and a higher standard for financial controls in alignment with current Education Statutes and Regulation of Ontario. This policy requires the maintenance of a comprehensive set of operating procedures that will be sensitive to changes in generally accepted accounting principles, new legislation and best business practices.

Scope and Responsibility

The purpose of ensuring financial accountability and effective internal controls is the responsibility of administrators throughout the Toronto Catholic District School Board (TCDSB) organization. The Director of Education, supported by the Chief Financial Officer, is responsible for this policy.

Alignment with MYSP:

Providing Stewardship of Resources
Strengthening Public Confidence



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Policy

The Toronto Catholic District School Board (TCDSB) will achieve effective utilization and protection of its financial resources through sound application and management of financial systems and internal controls. These objectives will be achieved by adherence to generally accepted accounting principles, sound business practices and applicable Provincial and Federal Statutes and Regulations. Management will maintain comprehensive operational procedures to guide and safeguard both TCDSB staff and assets in its day to day operations.

Regulations

Financial Management:

1. The Chief Financial Officer (CFO) for the TCDSB will develop and maintain appropriate, and where required, confidential procedures pertaining to funds disbursement and financial control.
2. A funds disbursement register will be produced on a monthly basis and made available to Trustees of the Board for review.
3. The banking services of the TCDSB will be reviewed every five years by the Audit Committee and any change will be made through TCDSB's public tendering process.
4. The Board of Trustees will set an upper limit for short term borrowing by way of a bylaw as required by Ontario Regulation 41/10 and Section 243 of the Education Act.



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5. Investment and borrowing strategies will conform to Ontario Regulation 41/10 of the Education Act and will be reviewed annually by the Audit Committee.
6. The Treasurer to the Board will prepare an annual financial report to the Board of Trustees as required by Ontario Regulation 41/10 of the Education Act.

Budget Management:

1. Under the Education Act (Section 232), the Board is required before the beginning of each fiscal year to prepare and adopt estimates of its revenues and expenses for the fiscal year.
2. Section 231 of the Education Act states no in-year deficits. A board shall not without the ministry's approval, have an in year deficit for a fiscal year that is greater than the amount determined as follows:
 - 1) Take the board's accumulated surplus for the preceding fiscal year. If the board does not have an accumulated surplus, the number determined under this paragraph is deemed to be Zero.
 - 2) Take 1 % of the Board's operating revenue for the fiscal year.
 - 3) Take the lesser of the amounts determined under paragraph 1 and 2.
3. Annual budgets will continue to show fiscal responsibility. In any given year when revenue shortfalls or unforeseen expenditures appear to be more than temporary, both the Capital and Operating Budgets will be reviewed by staff and reported to Trustees as appropriate. A number of strategic alternatives will be identified to minimize TCDSB's exposure including reallocating budgets and spending constraints.



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- 4. As per the TCDSB Purchasing Policy (F.P.01), the Board delegates to the Director of Education, the authority to approve the award of all contracts and expenditures where the budget, project or report has been approved by the Board with the exception of:**
 - 1) New school construction and major school additions;**
 - 2) Contracts which have exceeded the approved budget;**
 - 3) Significant strategic initiatives.**
- 5. Reallocation of funds may be done between departments and among programs within a department with the approval of the Director of Education.**
- 6. Monthly financial reports will be distributed to the respective department heads to enable them to manage their budgets and enable the monitoring and control of the budget as authorized by the Board.**
- 7. Financial and budget status reports, including decisions made under regulations 4 and 5 above, will be presented quarterly to the Board by the Business Services Department. Such reports will be in a format that will enable the Board to understand the budget and the financial status of the TCDSB.**
- 8. TCDSB staff shall not use one-time revenues for ongoing operating expenditures. One-time revenues may be used to fund non-recurring expenditures or services that can be completed within a specific amount of time without long term cost implication to TCDSB, provided it is duly approved by the Director of Education.**



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- 9. TCDSB will not as an ongoing practice depend on prior year's surplus to balance the current year's budget. The prior year's surplus will be transferred to the operating reserve. In the event of a deficit, it will be funded through this reserve.**
- 10. The tangible Capital assets of TCDSB are capitalized at historical costs and are amortized over the asset's useful life.**
- 11. The TSDSB prepares its financial information in accordance with the local government accounting standards of the Public Sector Accounting Board of the Chartered Professional Accountants Canada (CPA).**
- 12. Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned, and expenditures are recognized as they are incurred as a result of goods or services received and the creation of a legal obligation to pay.**
- 13. The TCDSB prepares budgets for the operating and capital funds. The basis of budgeting is the same as the basis of accounting, i.e. the accrual basis.**



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Evaluation & Metrics

- 1) Audit Committee, the TCDSB Auditor, and the Regional Internal Audit Team (RIAT) will provide input on the policy to the Board of Trustees as required. All audits conducted would be relevant to the budget services which will be measured against the effectiveness of this policy and other relevant Board policies;**
- 2) The Report of the External Auditors on Internal Financial Controls will be provided annually to the Board of Trustees; and**
- 3) Unqualified opinion from external auditors will demonstrate effective financial management and control of operations.**

APPENDIX