ANNUAL OPERATING BUDGET, MULTI YEAR FINANCIAL PLANNING, and REPORTING

Background

The Board's annual operating budget is a Financial Plan reflecting the implementation of the educational and operational objectives for the school/fiscal year. The preparation of the Annual Operating Budget is an integral part of the planning process of the District. The objectives and goals of the Board's strategic vision are reflected in the budget. The Board must prepare the annual budget in accordance with the School Act legislation.

Supplementary to the annual operating budget, the Board will also make available a preliminary multi-year financial plan on an annual basis. The multi-year (three year) financial plan will summarize critical drivers, including forecasted enrolment revenues and essential expenditures (e.g., salary and benefits), and be made available to the public at the same time as the annual operating budget.

The Board provides appropriate flexibility in budget management to enable Administration to maximize the use of fiscal resources while exercising effective budget control and guided by the Taxpayer Accountability Principles. Once the goals and priorities have been established and financial resources allocated, the expenditure of funds are the responsibility of the Superintendent, Secretary-Treasurer and designates within the guidelines established.

Procedures

1. **Budget Development**
    - 1.1. The Board is required by the School Act to prepare an annual operating budget and submit it to the Ministry of Education in a prescribed form by set dates.
    - 1.2. The Secretary Treasurer will develop a budget process that recognizes the obligations established under Collective Agreements and the School Act.
    - 1.3. The Budget process is to be completed in sufficient time to meet Collective Agreement provisions and in particular staffing notification requirements.
    - 1.4. The Board must pass an Annual Operating Budget by June 30th of each year.
    - 1.5. The Board may also be required to pass an Amended Annual Operating Budget at a time determined by the Ministry of Education. This deadline is based on updated grant confirmation and enrolment information and is usually due by February 28th of the fiscal school year.
    - 1.6. The budget process for the following fiscal begins with the preparation of the Budget Consultation Guide, which provides information about the school district's budget process and how to engage, contribute and provide feedback to help shape the annual operating budget.
    - 1.7. The annual operating budget will generally be developed through input from the District Leadership Team (DLT) and their staff, public consultation, with all input consolidated and managed through the Assistant Secretary-Treasurer, Corporate and Financial Services and the Manager of Finance, Budget & Analytics.
    - 1.8. An annual operating budget and multi-year financial plan will be prepared through the Assistant Secretary-Treasurer, Corporate and Financial Services and the Manager of Finance, Budget & Analytics. The purpose of the report is to provide additional and supporting information on the proposed annual operating budget as well as to provide a long-term financial outlook of the District.

1.9. The public, employee, and community groups, including the Kwikwetlem First Nation, will have the opportunity to provide input prior to the development of the proposed budget and multi-year financial plan and will also have the opportunity to provide feedback after the public presentation of the proposed budget has been made to the Board as they deliberate management's proposed budget. The feedback received and the Board's responses to this input will be available to the public.

1.10. The budget document presented to the Board will contain estimates of revenue and expenditures in a format that is consistent with Ministry requirements. In accordance with the School Act, the estimated expenditures in the annual operating budget must not exceed estimated revenues.

1.11. The Annual Operating Budget and the Amended Operating Budget will be prepared in the Ministry prescribed format for Board approval and adoption of the budget bylaws.

1.12. Whether it's the Annual Operating Budget or the Amended budget, once approved by the Board, they shall have the same effect for purposes of managing the District's operations.

2. Budgeting and Financial Reporting Guidelines

2.1. Unless otherwise stated, the approved Budget shall come into effect July 1.

2.2. Unless otherwise instructed by the Board, quarterly financial information shall be presented to the Finance Committee and the Board, providing an appropriate level of financial information in comparison to the budget and a yearend outlook.

2.3. The annual Financial Statement Discussion and Analysis (FSD&A) report will be prepared through the Assistant Secretary-Treasurer, Corporate and Financial Services and the Manager of Finance, Budget & Analytics. The purpose of the FSD&A is to expand upon and explain information contained in the financial statements and is recommended in accordance with PSAB Statement of Recommended Practice-1 (SORP-1). The FSD&A also complies with the reporting requirements of the K-12 Public Education Financial Planning and Reporting Policy and the K- 12 Public Education Accumulated Operating Surplus Policy.

2.3.1. The FSD&A will also incorporate information about the Board's progress towards aligning funding and resources with the Board's Strategic Plan.

2.3.2. The FSDA will be made available to the public and sent out to SD43 community groups annually.

2.4. School Boards are not permitted to operate a deficit budget –only a balanced or surplus budget are allowed.

2.4.1. In the event of a surplus occurring at the end of the fiscal year, the Board has adopted an Accumulated Surplus Policy which determines how surplus funds will be utilized in future periods.

2.4.2. Surplus funds appropriated as part of the annual operating budget will follow Board Policy 23 – Financial Operating Reserves and support the Board's Strategic Plan.

3. Budget Management

3.1. All budget management processes need to be transparent, documented, and consultative. There are many individuals and groups responsible for providing oversight to the District's finances. These include budget managers, the District Leadership Team (DLT), the Finance Committee, and the Board. The processes outlined below seek to define roles and responsibilities of all parties involved in key functions.

3.2. It is the role of each DLT member to act as a budget manager for the funds assigned under their area of responsibility. All monies in the operating, special purpose, and capital fund budgets have a DLT member assigned to them. If a DLT member chooses, they can delegate part or the entire budget under their accountability to one of their managers. Regardless, the DLT member will remain accountable for the budget, provide oversight, and be able to explain the financial status of their budget.

3.3. Budget Managers are expected to run their programs and/or departments within the budget allocated for their respective programs/departments.

3.3.1. As there is no formal forecasting system in place, unless otherwise indicated by the processes specified below, it will be assumed that budget managers are managing at or below budget.

3.3.2. It is the responsibility of the budget manager to track their budget and identify any significant variances to budgets as soon as they appear. If a cost pressure cannot be managed within their overall budget, budget managers should immediately follow the processes in section 4 below.

3.3.3. The on-line budget tool is configured to provide reports at the summary, program, sub- program, object, and location levels. The tool and the variety of budget views it provides is a key tool for budget managers.

3.4. The Manager of Budgets and Analytics will be responsible for ongoing monitoring and forecasting of the overall operating budget and will meet with budget managers to review individual budgets and variances during the year and as needed.

3.5 It is recognized that the fiscal resources allocated may be greater or less than the cost of providing the service. All those involved in managing the budget are expected to at all times be governed by prudence, remembering that the object is to meet the District's educational and operational objectives.

4. Budget changes

4.1. Changing costs and program objectives or delivery can sometimes necessitate changes to budgets for specific accounts. Reallocations of budgets are permitted within certain timelines and through the following procedures.

4.2. The Secretary-Treasurer or designee may authorize budget changes within object codes, to facilitate meeting contractual obligations, statutory requirements, approved staffing complement, or approved educational/operational objectives.

4.3. Budget changes that would cause over-expenditure in the account from which funds are transferred are not approved under any circumstances.

4.4. Requests for Change in Staff Complement

4.4.1. A Position Control Staffing Summary document will be used to reflect the Board's approved staff complement, and to control the associated salaries and benefit costs.

4.4.2. Should the staff complement need to be increased, reduced or altered, DLT approval will be required and appropriately documented through the Manager of Finance, Budget & Analytics who will advise Human Resources of staffing changes.

4.4.3. Any request submitted to the DLT that would result in additional cost, shall identify a funding source.

4.5. Reallocations of Budget:

4.5.1. Reallocations of budget within a budget manager's portfolio can occur by submitting an approved and signed documented request (Form 500A) to the Manager of Finance, Budget & Analytics so that the financial system can be updated.

4.5.2. Reallocations between budget manager's portfolios can occur by first submitting a request to their respective DLT member for approval. A brief explanation should be provided with the request for audit purposes. As budget changes between DLT members can reflect changes in the emphasis of a program and have a potential impact on budgets, notification to DLT is required. Once discussion occurs, the change is to be communicated to the Financial Manager, Budget & Analytics to ensure the financial system is updated.

4.5.3. Reallocations will be accepted up to the end of December, prior to the finalization of the Amended Budget occurring at the end of January.

4.6. Once the Amended Budget has been approved, no financial system budget updates can be made.

4.6.1. Any operational or staffing additions required after the establishment of the Amended Budget will need to be approved by the DLT and the Secretary Treasurer and documented to support variances against the approved budget. ,.

4.7 Under the approval of the Secretary Treasurer or designate and the responsible DLT member, expenditure estimates may be exceeded where directly related revenue sources (e.g. International Education, Continuing Education etc.) fully provide for the increased expenditure.

5. In-Year Cost Pressures

5.1. There are a number of factors which create cost pressures on existing budgets. Budget managers are expected to plan accordingly so that they can anticipate and manage these pressures within their budget. Techniques to manage pressures need to respect the District's policy and procedure framework. These techniques can include but are not limited to: reallocation between budgets, deferral of costs, cancellation of products or services, re-engineering of programs.

5.2. Situations will occur where some cost pressures cannot be avoided or absorbed within current budgets. In such cases, these cost pressures need to be escalated in a systematic and equitable fashion to ensure that they can be managed within the overall District budget.

5.3. Due to uncertainty in funding, cost pressures will formally be examined twice per year. Having defined and gated periods to examine cost pressures promotes DLT coordination of resources and avoids a 'first in first approved" approach. A defined period allows for a review of all cost pressures concurrently, the ability to rank them against one another, and to analyze them at a point in time where risk of over expenditure can be minimized. These reviews will occur at the end of October after initial enrolment confirmation and at the end of January after grant funding confirmation.

5.4. It should be emphasized that any in-year cost pressures represent a one-time funding request. Should a cost pressure persist into the next fiscal year, this would require consideration during the formal cost pressure exercise during the development of the preliminary budget.

Reference: Section 65, 85, 106.4, 110, 111, 113, School Act

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