



Committee Of The Whole (Public)

20 March 2018

Report No.18-032

Approval of a Consultation Plan On Recommended Changes to P.133.FIN, Management of School Council Funds

Key Contact: Michael Carson, Chief Financial Officer, 613-596-8211 ext. 8881

PURPOSE:

1. To obtain approval of the consultation plan regarding proposed changes to Policy P.133.FIN, Management of School Council Funds.

CONTEXT:

2. In 2013, in response to the Ministry's newly published fundraising guideline, staff undertook the development of a District policy regarding the management of school council funds. The development of the policy was aimed at ensuring compliance with the Ministry's guidelines. In addition to outlining acceptable and unacceptable uses of proceeds from fundraising, the guideline addressed the issue of accountability and financial reporting.

The following is an excerpt from the guideline:

Public Sector Accounting Board (PSAB) standards require that all school boards consolidate funds generated at the school level with the annual financial statements of the school boards. All funds collected through school, or school council fundraising are subject to the board's regular audit and accountability requirements. As school councils are advisory bodies, and not entities with the legal capacity of a corporate body, funds collected through the school council must be reported by the school board, which is a corporate body.

By regulation, fundraising by school councils is required to be in accordance with board policies and for a purpose approved by the board, or authorized by board policy. In addition, school councils must report annually to the principal and to the board on their fundraising activities.

Fundraising by schools and school councils is an important part of enhancing student experiences. Transparency and accountability to the community is vital to

maintain donor confidence in our school, school councils and the Ottawa-Carleton District School Board (OCDSB).

Finance staff consulted with the Ottawa-Carleton Assembly of School Councils (OCASC), school council members and the treasurers, office staff, and the Educational Support Professionals (ESP) branch of the Ontario Secondary School Teachers' Federation (OSSTF), as well as principals.

During the consultation that took place, staff heard specific concerns about the process of school councils banking through the school and issues that they felt would arise if banking through schools was made mandatory.

- Additional workload for office staff, and no practical way to relieve that load, even if additional staffing dollars were available;
- The possibility that management of school council funds would not be done in a timely way and could become unworkable due to the competing and complex priorities of school-based staff;
- Risk that this process could strain relations between school councils and office staff;
- Concern that the added cost of administration which would need to be incurred by the District would reduce dollars that could be better used to serve schools;
- Concern that school councils would lose control over the use of funds and that the District might introduce differential funding for schools based on their ability to raise money; and
- The District would be seen as not valuing the significant contributions of volunteers, resulting in a reduction in participation and ultimately, fundraising activities.

In addition to these comments, there were also generally positive comments from those councils and schools which had made the move to banking through the schools. All parties agreed on the importance of the District having standards and resources that would support all councils and their members and the need for annual training for chairs and treasurers.

As a result of the consultation, staff recommended, and Board approved policy P.133. Fin, Management of School Council Funds, The policy gave councils the option of continuing to maintain their own accounts outside of the schools, but that they adhere to OCDSB procedures and would be subject to audit by the District. After the passage of four years, staff is of the opinion it is time to revisit the policy and its effects.

KEY CONSIDERATIONS:

3. Current Situation

Subsequent to the approval of the policy, we have seen very few councils move to manage their banking arrangements through the school. In fact, fewer than 30 of the District's schools currently manage the council banking. It had been anticipated that a larger participation rate would have been achieved following the

process of communication, training and presentations at the various school council events.

Staff surveyed other school districts in 2017 and found that two thirds of the 24 responding districts required all councils to bank through their school. Anecdotally, we have heard from other superintendents of business and regional internal audit staff that the provincial percentage is likely higher.

Since the current policy was put in place, staff has undertaken a number of initiatives to better support school council financial management. This includes:

- Development of a School Council Finance Guide;
- Provision of annual training on school council finances;
- Increased messaging about school council financial management requirements and expectations in the school council newsletter; and
- Increased resources and supports for principals to support their oversight responsibilities in this area.

4. Audit Perspective

Following the introduction of the policy, the external auditors have carried out procedures on a sample of school councils as part of their annual audit. As a result, they have been able to remove from their audit opinion the previous qualification regarding school council funds. However, this work and the work carried out by the Regional Internal Audit teams has continued to identify control weaknesses.

While the amounts involved are not material to the OCDSB's overall financial situation, experience has shown that if a council experiences problems with its finances, it places extreme stress on the entire school community, and has the potential to negatively impact public perception of the school and the District. These risks can be reduced by requiring councils to bank through schools.

5. Lessons from Experience

Last year, the District worked with one school council that had experienced a loss of funds. A police report was filed and the investigation was completed over many months. The school council members spent considerable time investigating the loss and very importantly, developing some recommendations that they felt should be adopted by the District to support better management of school council funds in order to prevent similar losses in the future. Those recommendations included the following:

- a. Principals and schools need to follow and enforce all OCDSB rules for school councils, especially those related to monthly financial reporting. (Ref: OCDSB Policy P.014.SCO School Councils);
- b. The OCDSB needs to enforce and ensure school council requirements are implemented and followed. Audits must be performed more swiftly, especially if reports are not being completed;
- c. School council meeting minutes, financial reports, and account balances need to be completed every month. Otherwise harsh consequences will occur, such as the cancellation of future fundraising

events or requiring all further banking to occur through the school office;

- d. All school council documentation should be available online and in hard copy at the school in order for every parent to have access to this information;
- e. Monthly bank account statements must be presented to the school council along with the monthly financial report. With respect to account operation, the following must be considered:
 - School council needs to verify that its bank account balance correlates to the latest treasurer report. Any questionable transactions must be reported promptly. The onus is on the bank account owner to do so;
 - All cheques written against the school council bank account must have two signatures. Council must enforce this as banks no longer verify that cheques present with two signatures;
 - New council members should be guided to resources available on the management of school council funds and should be encouraged to ask questions. A welcome package for new members would be one way to achieve this; and
 - School council volunteers must obtain police background checks if ever handling money.
 - School councils need strict policies on how funds, especially cash, are handled. For example, funds will not leave an event without being doubly counted and recorded; and
 - When writing a council cheque, the memo field should be used to write a useful description or transaction ID to simplify future tracking or audits.

6. Changes Recommended to Policy

These recommendations would go a long way towards mitigating the risk of future losses. However, it is difficult for principals and the District to support and enforce District financial management policies and practices when there are different practices in place and where the funds are held in external institutions which neither the principal nor District staff can legally access.

As a result, staff will be recommending the changes in policy requiring all school councils to maintain school council funds in an account held through the District's financial management system. Recognizing that there will need to be a transition, it would be staff's recommendation that all councils must complete this transition by 31 August 2020. Appendix A provides the suggested revisions to the policy, including language governing the transitional period.

FINANCIAL CONSIDERATION:

7. Implementation of improved financial management practices will minimize the potential for loss, as well as retain the confidence of future donors. The cost of procedural development and training will continue to be managed within the

department's existing proposed budgets. Should councils be mandated to do their banking through schools, consideration may need to be given to whether additional resources would need to be provided to support the transition, and potentially ongoing operations in the schools. The extent of the additional costs would need to be evaluated, in light of other school office priorities, as part of the annual budgeting process.

COMMUNICATION/CONSULTATION:

8. Since the fall of 2017, staff has attended OCASC meetings on two occasions and has discussed this issue with the plenary group. During those meetings OCASC members expressed their concerns and requested that the recommended consultation process allow time for input from councils. The Ontario Secondary School Teachers' Federation (OSSTF)-Education Support Professional (ESP) has also expressed their concerns regarding the impact on members' workload. These are important concerns, and staff will continue to work with these groups to respond to the questions raised during the pre-consultation with both the federation and OCASC in the last few months.

The consultation will be aimed at identifying implementation issues including, potential challenges and possible solutions that will allow the transitions to occur smoothly prior to the 31 August 2020 deadline. The consultation plan is attached as Appendix B. Upon approval of the new policy, all schools and school councils would be informed of the changes and invited to information sessions in the fall to seek their assistance in developing specific procedures and guidelines.

STRATEGIC LINKS:

9. Sound financial practices are a hallmark of good governance. These practices help to inspire parental support and donor confidence and community engagement in our schools. The proposed policy will allow the OCDSB to meet its obligations while continuing to benefit from the extremely valuable commitment of its school councils.

RECOMMENDATION:

That the Board approve the consultation plan, attached as Appendix B to Report 18-032, regarding recommended changes to Policy P.133.FIN with respect to the management of school council funds.

Michael Carson
Chief Financial Officer

Jennifer Adams
Director of Education and
Secretary of the Board

APPENDICES

Appendix A – P.133.FIN, Management of School Council Funds-Proposed Revision
Appendix B- Consultation Plan

POLICY P.133.FIN

TITLE: MANAGEMENT OF SCHOOL COUNCIL FUNDS

Date issued: 24 September 2013

Last revised:

Authorization: Board: 24 September 2013

1.0 OBJECTIVE

To govern the management and accounting of school council funds in a consistent, transparent and financially sound manner.

2.0 DEFINITIONS

In this policy,

- 2.1 **Board** means the Board of Trustees.
- 2.2 **District** means the Ottawa-Carleton District School Board (OCDSB).
- 2.3 **School Council** means an advisory body representing the parent community within a school which provides advice to the school principal in accordance with P.014.SCO School Councils. A school council operates as a representative entity but may not be incorporated, and as such is permitted by the District and the school principal to raise funds for specified purposes.

3.0 POLICY

- 3.1 The District believes that sound financial management of school council funds is an essential component of effective governance. To ensure transparency and accountability, the District sets standards for the management, monitoring and use of school council funds.
- 3.2 The Chief Financial Officer of the District (CFO) shall be responsible for the oversight of school council funds.
- 3.3 School Councils must adhere to the principles of transparency, accountability, and sound financial practice in the management of school council funds by:
 - a) adhering to District policies and procedures, legislation, associated directives and guidelines;
 - b) appointing a treasurer;

- c) maintaining ongoing and effective oversight of the management of school council funds;
- d) establishing the segregation of duties and internal controls for the effective and transparent management of funds;
- e) ensuring financial records are kept and maintained properly in accordance with District practice;
- f) reporting, as required, monthly through school council meetings and annually through a report to the District; and
- g) being subject to audit by the District through internal review and/or an external auditor.

4.0 SPECIFIC DIRECTIVES

Appointments

- 4.1 Annually, every school council shall appoint a Treasurer and a minimum of two officers with signing authority for school council finances.

Determine Type of Account

- 4.2 **By June 2020**, every school council shall maintain its funds in a designated **special purpose account managed through the school district's financial system**; ~~account~~, used exclusively for school council purposes.
- ~~4.3 Prior to June 2014, and before every June thereafter if contemplating a change, every school council shall render a decision about whether the account used to maintain the school council funds will be held:~~
 - ~~a) In an or~~
 - ~~b) through a recognized financial institution.~~
- ~~4.4 Upon making this decision, the school council shall provide notice in writing of the decision to the CFO.~~
- ~~4.5 A school council, at the start of its term, may review its decision about the management of school council funds and if a decision to change the practice is made, the CFO of the District shall be notified.~~
- 4.6 ~~Where the account(s) is held by the school, t~~ The principal shall be a designated signing officer.
- 4.7 **Between the passage of this policy and June 2020, every school council that maintains school council funds in a financial institution rather than in a District-held account, must: provide annual confirmation in writing; annually provide a statement in writing that they will comply with the District's financial policies and practices; and, will provide the account number and the name and address of the institution at which the account is held.**

Management and Monitoring

- 4.8 School councils ~~which manage their funds through the District~~ will adhere to established District financial accounting procedures.
- 4.9 In order to manage school council funds in an account at an authorized financial institution, the school council must annually, agree in writing to comply with the District's conditions and procedures which will include, but are not limited to the following:
- a) to maintain records and implement procedures in accordance with District guidelines;
 - b) to make records available for review by the District's internal reviewers following District reporting procedures;
 - c) to submit to an internal review upon request and/or an external audit; and
 - d) to submit annual financial summaries and statements every school year, ending August 31, upon request.
- 4.10 ~~Notwithstanding the type of account~~, the school council treasurer shall maintain detailed records of all financial transactions.

Compliance

- 4.11 Where any individual has reason to believe that the management of school council funds is not in accordance with this policy or may be subject to an irregularity, he or she shall bring his or her concern to the attention of the treasurer, the school council chair, the school principal, the Superintendent of Instruction (SOI) or the CFO, as appropriate.
- 4.12 The CFO of the District shall be authorized to initiate an investigation where there is reason to believe there is or has been financial irregularity.
- 4.13 In the event of a disagreement between the school principal and the school council as to the appropriate use and/or management of school council funds which cannot be resolved through discussion and consultation, the matter should be referred to the SOI and/or CFO of the District for further mediation.
- 4.14 Should the CFO of the District determine that allegations of financial irregularity of the results of an investigation warrant, the District may temporarily assume control of the school council's funds:
- a) The Director of Education shall inform the Board at the first available opportunity.
 - b) Within 90 days, the CFO would present to the Board a plan aimed at restoring control to the school council, including as necessary, conditions and a projected timeline.
 - e) —

4.15 The Director of Education shall authorize procedures under this policy to further enable compliance by school councils with this policy.

5.0 REFERENCE DOCUMENTS

Education Act and Regulations

Board Policy P.014.SCO: School Councils

Board Procedure PR.509.SCO: School Council Elections, Constitutions and By-laws



CONSULTATION PLAN

(REFERENCES: POLICY P.110.GOV AND PROCEDURE PR.644.GOV)

DATE:	20 March 2018
PROJECT: (Project name, Letter of Transmittal, etc.)	Revisions to Policy P.133.FIN , Management of School Council Funds
CONTACT / PROJECT LEAD (Name, telephone, email):	
WHAT?	
1. WHAT IS THE PURPOSE OF THE CONSULTATION? (Describe project scope, nature of consultation, decision to be made, and any relevant information)	
To seek input into the implementation issues regarding proposed policy revisions which would make it mandatory that school councils do their banking with their school and not through an outside financial institution.	
WHY?	
2. WHY ARE YOU CONSULTING? (Check all that apply)	
<input checked="" type="checkbox"/> To seek advice, informed opinion or input for consideration prior to decision-making?	
<input type="checkbox"/> To share information and/or create awareness about a subject/potential recommendations/decision yet to be made?	
<input checked="" type="checkbox"/> To share information and awareness about a subject/recommendation/decision that has been made?	
<input type="checkbox"/> Other? (Please explain)	
Staff will be seeking input on what additional supports will be required to make this transition effective	
3. HOW DOES THIS CONSULTATION LINK TO THE OCDSB STRATEGIC PLAN, DISTRICT IMPROVEMENT PLAN, BUDGET, ANNUAL DISTRICT GOALS AND OBJECTIVES AND/OR RELEVANT MINISTRY / OCDSB POLICIES OR PROCEDURES (if applicable)?	
Accountability and sound financial management are cornerstones of the OCDSB stewardship objectives.	



CONSULTATION PLAN

(REFERENCES: POLICY P.110.GOV AND PROCEDURE PR.644.GOV)

WHO?			
<p>4. WHO WILL BE CONSULTED? (Key stakeholders) (Check all that apply)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top; padding: 5px;"> <p><u>OCDSB Community</u></p> <p><input type="checkbox"/> Students</p> <p><input type="checkbox"/> Parents/guardians</p> <p><input checked="" type="checkbox"/> School council(s)</p> <p><input checked="" type="checkbox"/> Ottawa Carleton Assembly of School Councils</p> <p><input checked="" type="checkbox"/> Advisory committees (Specify below)</p> <p><input type="checkbox"/> Special Education Advisory Committee, etc</p> <p><input type="checkbox"/> Other _____</p> </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> <p><u>Internal to OCDSB</u></p> <p><input type="checkbox"/> Trustees</p> <p><input type="checkbox"/> Superintendents</p> <p><input checked="" type="checkbox"/> Principals and/or Vice-principals</p> <p><input checked="" type="checkbox"/> Managers</p> <p><input checked="" type="checkbox"/> District staff</p> <p><input checked="" type="checkbox"/> Federations</p> <p><input type="checkbox"/> Other _____</p> </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> <p><u>External / Other (please identify)</u></p> <p><input type="checkbox"/> Agencies/associations _____</p> <p><input type="checkbox"/> Community groups _____</p> <p><input type="checkbox"/> General Public _____</p> <p><input type="checkbox"/> Other governments _____</p> <p><input type="checkbox"/> Other _____</p> </td> </tr> </table> <p>Please describe or expand on who will be consulted and any partners in the consultation:</p> <p>The Parent Involvement Committee (PIC) will be consulted directly.</p>	<p><u>OCDSB Community</u></p> <p><input type="checkbox"/> Students</p> <p><input type="checkbox"/> Parents/guardians</p> <p><input checked="" type="checkbox"/> School council(s)</p> <p><input checked="" type="checkbox"/> Ottawa Carleton Assembly of School Councils</p> <p><input checked="" type="checkbox"/> Advisory committees (Specify below)</p> <p><input type="checkbox"/> Special Education Advisory Committee, etc</p> <p><input type="checkbox"/> Other _____</p>	<p><u>Internal to OCDSB</u></p> <p><input type="checkbox"/> Trustees</p> <p><input type="checkbox"/> Superintendents</p> <p><input checked="" type="checkbox"/> Principals and/or Vice-principals</p> <p><input checked="" type="checkbox"/> Managers</p> <p><input checked="" type="checkbox"/> District staff</p> <p><input checked="" type="checkbox"/> Federations</p> <p><input type="checkbox"/> Other _____</p>	<p><u>External / Other (please identify)</u></p> <p><input type="checkbox"/> Agencies/associations _____</p> <p><input type="checkbox"/> Community groups _____</p> <p><input type="checkbox"/> General Public _____</p> <p><input type="checkbox"/> Other governments _____</p> <p><input type="checkbox"/> Other _____</p>
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<p>5. HAVE ANY OF THESE STAKEHOLDERS BEEN INVOLVED IN INFORMAL CONSULTATION AS PART OF THE DEVELOPMENT OF THIS PLAN? In accordance with section 4.3 of Policy P.110.GOV, it is expected that informal consultation has taken place with representative stakeholders to obtain their suggestions <u>prior</u> to finalizing this plan. Please describe below. (If this informal consultation did not take place, explain why it was not feasible.)</p> <p>Staff has attended two OCASC meetings on the topic, shared information with the principal and school operations and has met with the federations.</p>			
HOW?			
<p>6. HOW WILL STAKEHOLDERS BE MADE AWARE OF THIS CONSULTATION PROCESS? (Check all that apply)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top; padding: 5px;"> <p><input type="checkbox"/> Media advertisement (print and/or radio)</p> <p><input checked="" type="checkbox"/> Letter distribution</p> <p><input checked="" type="checkbox"/> School council(s)</p> <p><input checked="" type="checkbox"/> Ottawa Carleton Assembly of School Councils</p> </td> <td style="width: 50%; vertical-align: top; padding: 5px;"> <p><input type="checkbox"/> School newsletter</p> <p><input checked="" type="checkbox"/> Website (schools and/or OCDSB sites)</p> <p><input checked="" type="checkbox"/> Other School council newsletter</p> </td> </tr> </table> <p>Please describe how stakeholders will be made aware of the consultation process and any special requirements for consultation (translation, alternate formats, etc)?</p> <p>Information about the consultation will be posted to the district website, linked to school websites, included in the school council newsletter, and communicated to principals for the information of school councils.</p>	<p><input type="checkbox"/> Media advertisement (print and/or radio)</p> <p><input checked="" type="checkbox"/> Letter distribution</p> <p><input checked="" type="checkbox"/> School council(s)</p> <p><input checked="" type="checkbox"/> Ottawa Carleton Assembly of School Councils</p>	<p><input type="checkbox"/> School newsletter</p> <p><input checked="" type="checkbox"/> Website (schools and/or OCDSB sites)</p> <p><input checked="" type="checkbox"/> Other School council newsletter</p>	
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