

Date: June 28th, 2010
To: Board of Trustees
From: Director of Education
Subject: Monitoring Report on Board Policy IV 007 "Financial Planning and Budgeting"

Type of Report: Internal Monitoring
 External
 Direct Inspection

Type of Information: Information for Decision Making
 Information Only
 Monitoring Information

CEO AFFIRMATION

I hereby present my monitoring report on your Executive Limitations policy IV 007, "Financial Planning and Budgeting" according to the schedule set out. I certify that the information contained in this report is true.

Roger D. Lawler, CEO

INTRODUCTION: This policy was approved by the Board of Trustees on April 28th, 2008. This is the fourth monitoring report for this policy.

BROADEST POLICY PROVISION:

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from board's Ends priorities, risk fiscal jeopardy, violate the Education Act or Ministry of Education Guidelines, or fail to be derived from a multi-year plan.

OPERATIONAL DEFINITION:

Budget planning must be achieved in such a way that it is lawful, protects the board from harm by being a safe, reliable, conservative, transparent plan that is clearly designed to meet the organizational Ends.

Financial planning avoids fiscal jeopardy in three ways:

1. By presenting the board with a balanced budget as required by and as defined by The Education Act
2. By developing a budget within the six planning areas of administration, student transportation, learning services, facilities, capital and continuing education wherein each area must develop a balanced budget as part of an overall deliberate strategy to avoid fiscal jeopardy.

3. Where the budget is planned for a multi-year period which I interpret to be within a window of years of known revenue. In this case the multi-year plan is derived from outlining what the revenue stream is for the number of years the government has announced its intention to provide funding; in this case to August 31, 2012.

Budget planning will be developed using the Ends priorities and a correlation between those priorities and the budget will be drawn. “Deviate materially from organizational Ends” means that there are significant parts of the Ends policy that are not addressed through budget development.

Compliance will be demonstrated through:

- Presentation to the board of a balanced budget that is consistent with the legislation.
- Presentation of a budget that is planned and presented within six planning areas that are balanced and if not balanced within the planning area, any surplus is – according to Ministry of Education protocol – transferred, where permitted, to other planning areas to balance those areas.
- A budget that is within the four-year window of our revenue flow from the government as per the Provincial Framework Agreement; that is, 2008-09 to 2011-12.
- An analysis of where funding has been allocated to demonstrate how the budget priorities address Ends.

I believe this interpretation “for risk fiscal jeopardy” and “violate the Education Act or Ministry of Education Guidelines” is justified because the board is required to follow the legislated mandate set out in The Education Act and submit a balanced budget. The Ministry established the process of submitting balanced budgets to prevent a board from entering fiscal jeopardy.

I further believe that the interpretation for “fail to be derived from a multi-year plan” is justified because the government has announced funding to the end of August 31, 2012 and it is imprudent to plan beyond the timeframe for known revenue. Thus our work can be conservatively estimated over four years.

I believe the interpretation of providing an analysis of where Ends are addressed in the budget is self-explanatory.

DATA TYPE:

- Budget presentation evidencing a balanced budget
- Proof that budget revenue is within the window of revenue flow
- Analysis of where funding has been allocated to demonstrate Ends

ACTUAL DATA

The following data is presented in support of compliance for the broad policy provision:

Policy Provision	Evidence	Compliance								
Violate the Education Act or Ministry of Education Guidelines	<p>The draft budget presented for board consideration is balanced whereby</p> <table data-bbox="446 394 1031 577"> <tr> <td>Revenues =</td> <td>\$238,299,701</td> </tr> <tr> <td>Expenditures =</td> <td>\$239,099,701</td> </tr> <tr> <td>Use of Accumulated Surplus=</td> <td>\$ 800,000</td> </tr> <tr> <td>Surplus/Deficit =</td> <td>\$ 0</td> </tr> </table> <p>The budget administration is presenting requests the use of \$800,000 from the accumulated surplus (formerly known as reserves).</p>	Revenues =	\$238,299,701	Expenditures =	\$239,099,701	Use of Accumulated Surplus=	\$ 800,000	Surplus/Deficit =	\$ 0	I report compliance. The budget submission to the board is balanced within the definition of a balanced budget as set out by The Ministry of Education.
Revenues =	\$238,299,701									
Expenditures =	\$239,099,701									
Use of Accumulated Surplus=	\$ 800,000									
Surplus/Deficit =	\$ 0									
Avoid fiscal jeopardy	<p>Preparing and submitting a balanced budget is a primary test of avoiding fiscal jeopardy; that is, staying within known revenues when expenditures are prepared ensures fiscal jeopardy if avoided.</p> <p>By deliberating planning within six planning areas that replicate available revenues, staff are able to set out a comprehensive plan for each area that identifies known revenue and plans expenditures to meet revenues. In this way, needs are met within each area and the overall integrity of system needs are addressed without having to jeopardize one planning area for another.</p>	I report compliance. The enclosed budget presents planning areas within known revenue and where there is a revenue surplus these funds are transferred – according to Ministry of Education protocols – to other planning areas to address needs.								
Fail to be derived from a multi-year plan	<p>In 2009-10 the Government of Ontario provided school boards with an indication of their revenue flow for the next four years subject to adjustments for enrolment. Knowledge of our revenue permits us to develop <i>realistic</i> long-term plans rather than reacting from year-to-year because funding is either not known or changed.</p> <p>As a result of the Ends policy direction and aided by known Ministry funding to 2013, senior administration has put together a multi-year plan (see below) that enables us to align the board Ends statements, the mission and vision and funding. This is the first time in recent years that each of these components has come together at the same time.</p>	I report compliance both in terms of operating within known funding and in terms of developing a multi-year plan that sets out goals to 2012-13.								

Policy Provision	Evidence	Compliance
Not deviate materially from board Ends priorities	<p>The Ends are demonstrated in two ways:</p> <ol style="list-style-type: none"> 1. The document “Strategic Direction: Key Success Measurements for 2010-2013” is a multi-year plan aimed at addressing the key learning and operational outcomes that will be measured to ensure that we are demonstrating our Ends statements. (The document is provided in draft form as we work to clarify and enhance some of the measurement indicators). <p>The document is also supported by fuller and extensive system and school level plans for improvement of student achievement; documents that are a second generation of the higher level “Strategic Direction” document.</p> <ol style="list-style-type: none"> 2. Apart from the above, here are some specific examples (a non exhaustive list) of how we are financially demonstrating our Ends statements: <ol style="list-style-type: none"> a) Support for Pastoral Care Teams b) Support for the teaching of Religious Education and Family Life c) Equity and Inclusivity d) Support for poverty reduction and attention to student needs for those affected by poverty. e) Support for models of alternative education f) An IT infrastructure that attends to the IT needs of all learners. g) “Just in time” support for our most vulnerable learners. h) Attention directed towards planning through the OCSGE’S 	<p>I report compliance. The strategic direction plan will be revised annually based upon changes to either board policy, Ministry policy or through data collected that results in a change in direction or strategy.</p> <p>The strategic direction document is also consistent with the new legislative requirements of Bill 177 regarding a three-year planning cycle.</p>

STATEMENT OF COMPLIANCE:

I report compliance

POLICY PROVISION #1:

Develop a budget without conducting a formal process for soliciting input on the needs and priorities of the system.

OPERATIONAL DEFINITION:

I interpret this to mean that Groups and individuals who have a stake in the budget will be invited to provide input through a formal process designed to gather a variety of perspectives on the short term and long term needs and priorities of the system. Priorities will be formulated as a result of groups and individuals being asked to reflect on our vision statement: *“Our Catholic Schools: Heart of the community, success for each, a place for all.”*

Specifically, what would we look like in 2015 in terms of our facilities, our curriculum, inclusion and our faith life if we were demonstrating our vision? From this dialogue, groups formulate priorities to submit to the CEO. In turn, the CEO will indicate the priorities that were shaped from the data gathered. The short and long term needs will flow from the priorities. The budget process will indicate as part of the presentation process how the priorities were addressed in the development of the budget.

Specifically, the following groups will be invited to provide input:

- Trustees
- Special Education Advisory Committee
- Employee Groups
- Staff
- Catholic School Councils and,
- Parents, pastors and the general public

Compliance will be demonstrated through:

- The actual listing of when the consultation meetings were held.
- Demonstration that the same process was utilized at each consultation.
- Collating the input from the various groups and individuals to form a wide perspective on the needs and priorities from multiple viewpoints.
- How the collated material was used by the CEO and senior administration in planning the budget.

I believe this interpretation is justified because the focus on our vision over the long-term will create the opportunity to enhance long-term planning and also create the opportunity to have the vision as the screen for the budget decision-making process. Furthermore, demonstrating how the compiled input was used in planning and developing the budget helps to ensure transparency and is an indication that those who provided input were heard.

DATA TYPE

- Dates for consultation
- Description of consultation used at each session
- Collation of input received at sessions
- Demonstration of how the data was used as part of the budget process

ACTUAL DATA

The following chart outlines the four data points for demonstrating compliance with this policy provision.

Policy Area	Evidence
Process used at each session	<p>There were three processes used for consultation with each process using the same format.</p> <p>The first process used was face-to-face meetings with groups such as Trustees, SEAC, Employee Groups, Board Departments.</p> <p>The second process was consultation by the Principal of the school with school staff and Catholic School councils using the same process used in the face-to-face meetings outlined above.</p> <p>The third process was hosting a meeting in each municipality (Cambridge, Kitchener and Waterloo) as an opportunity for members of the public, school council, staff et cetera to come out and have their questions answered.</p> <p>The process used for these sessions focused on developing budget priorities through the lens of the system's new vision statement "Our Catholic Schools: Heart of the community, success for each, a place for all." A memo issued on January 29th, 2010 (and attached to this report as Appendix 'A') outlines the process used at each session.</p> <p>[There is a fourth process and that is an opportunity for delegations and trustee inquiries in the committee meetings between June 7th and June 28th when the Board of Trustees considers the budget. This process is a trustee process not a staff one and thus is not included in this monitoring report].</p>
Dates of consultation meetings	<p>The dates of the consultation sessions are outlined in a budget memo issued on January 29th, 2010 (and attached to this report as Appendix 'B'). Meetings were advertized in the media, through the web, and through communications through our schools. Each school council and staff received an invitation to participate through the Office of the Director of Education.</p> <p>There were 77 submissions from the groups identified on the consultation memos; that is, trustees (1), SEAC (1), school councils (20), School staffs (48), Central Office departments (6).</p> <p>Our community meetings, however, resulted in no participants in Cambridge and Waterloo and four participants in Kitchener. Of the four participants in Kitchener, three came to the community meeting specifically with reference to the potential for a new gymnasium at St. Anne CES, Kitchener. One submission was generated from the Kitchener session.</p>

Policy Area	Evidence
<p>What the material from the various groups reveals.</p>	<p>From the sessions the data captured is summarized in Appendix 'C' to this report. The raw data is on the trustee team site under the budget folder. A high level summary of the data indicates that:</p> <ul style="list-style-type: none"> a) Facilities priorities – 43% of respondents identified improvement to room space/room use in schools. A further 23% identified maintenance as a priority. b) Curriculum priorities – 77% identified some aspect of information technology as part of the learning process that should be addressed. c) Inclusion – 22% identified a need for additional support staff. d) Faith life – 11% identified updating resources; 11% identified increased chaplains in elementary schools; 7% identified more Church/home/school interactions and celebrations.
<p>How the material was used in planning the budget.</p>	<p>Senior administration took the top 8 to 10 identified items in each area and grouped them to identify themes leading to budget priorities. This data is outlined in Appendix 'D' to this report.</p> <p>In preparing the budget the data collected was used in the following manner. If trustees require greater detail, please ask as a follow-up to department presentations as part of the overall budget presentation.</p> <p>Faith Life: We are at a stage where provincial updating with respect to the Family Life program is occurring. Accordingly we will begin through the 2010-2011 school year budget piloting new Fully Alive resources with a view to updating these resources – depending upon the results of the pilot – over the next three budget years beginning in 2010-2011.</p> <p>Our Superintendent of Learning and Faith Development is working with the elementary chaplains and the chaplaincy model to increase the presence of elementary chaplains particularly in those schools where there is no or a small parish presence in the school. Often this results from some parishes not having the resource base to have a team in the school. By re-deploying our elementary chaplains based on need we can not only have more presence of our chaplains in elementary schools, we can enhance the parish-school interaction.</p> <p>With respect to the parish-school-home triad, our Parish Liaison Committee has met with the deanery, have completed a gap analysis and will continue during the 2010-2011 school year to work with parish teams and school administrators to enhance and celebrate the home-school-parish triad.</p> <p>Inclusion: Staffing levels in support of inclusion have been reviewed. Increases and adjustments are made on a “just in time” basis to address the needs of learners as they arise. We operate on an unequivocal assumption that all learners are our learners and that we program and</p>

	<p>deliver for each according to need.</p> <p>To ensure that all student needs are met emphasis will be placed on the IEP through the Board Improvement Plan since the needs assessment identifies learners on IEP's are not achieving at the same rate as those not on IEP's.</p> <p><u>Curriculum:</u> There was an overwhelming identification of the need to move our information technology infrastructure and use of technology as part of the teaching-learning process forward. At the same time, school and board administrators were concerned about equity – that all learners would be able to be exposed to and utilize technology. Accordingly, staff has sought out an equitable solution that would be covered off through the operating budget. There is a request, however, for the Board of Trustees to approve the use of reserves up to \$800,000 for one-time costs to install the technology in approximately 1,000 learning areas.</p> <p>Strong emphasis has been placed on delivering PD through a differentiated approach. Review of various discipline curricula has occurred within the last two years and more is still to come. Rich and varied ways of in-servicing this information has surfaced and is paying dividends in reaching large audiences.</p> <p>Another major focus of curriculum that will occur during the 2010-2011 school year will be assessment, evaluation, grading and reporting. The release of the Ministry document Growing Success which outlines the expectations of how students will be assessed will require significant attention to ensure consistency of practice. Senior administration took the top 8 to 10 identified items in each area and grouped them to identify themes leading to budget priorities. This data is outlined in Appendix 'D' to this report.</p> <p><u>Facilities:</u> The response from the dialogue on facilities related to providing for community use rooms at each site and expansion of other spaces to support student needs. At this point in time we are deferring any action until a complete analysis of facilities is undertaken in response to planning for years three, four and five with respect to the introduction of the Early Learning Program (ELP). That analysis is expected to be complete early in the 2010-2011 school year and will provide the necessary data on what spaces will be needed to be added to schools and what existing space can be allocated for the Early Learning Program phased implementation process. The ELP has to be treated as a higher priority at this time.</p>
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STATEMENT OF COMPLIANCE

I report compliance

POLICY PROVISION #2:

Develop a budget without employing credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosing planning assumptions.

OPERATIONAL DEFINITION:

When the budget is developed, the methodology used to calculate “credible revenue” is the same as that used to calculate “funds than are conservatively projected to be received” in policy provision #3 below. Capital items are those that are funded from renewal grants, new pupil place grants, good places to learn approvals, or capital debt that is guaranteed by the Ministry of Education. Cash flow is the sum of transfer payments from the Ministry, grants, and other revenues received by the board, broken out on a monthly basis compared to expended monthly expense payments.

Operational items are those that are not from capital (as defined above), and are not related to school fundraising or reserves.

Planning assumptions are all of those factors that make a significant impact on the budget, for example, but not limited to:

- any rules around the use of funds that have been mandated by the government,
- any changes in legislation from year-to-year that may occur through the funding announcements,
- any assumptions that may be made with reference to the overall financial health of the school system.

Compliance will be demonstrated when the budget as presented:

- Is compliant with policy provision #3 with respect to projection of revenues and expenses
- Demonstrates the separation of capital from operational items
- Demonstrates when the cash flow to the board will occur as part of the budget implementation cycle.
- Discloses planning assumptions and discloses why these planning assumptions are critical to the budget development.

I believe this interpretation is justified with reference to credible projections because the vast majority of the board’s revenue is based on the board’s projected enrolment. To be consistent, it is prudent to use the same methodology used to define “credible projection of revenues and expenses” as is used to define “plan the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period”.

Furthermore, I believe the other elements of the interpretation are self-evident. That is, the budget presentation will separate capital from operational items and outline when the cash flow to the board will arrive throughout the fiscal year so the board has enough liquid cash on a short term basis to cover its obligations. Finally, I believe my interpretation of “disclose planning assumptions” is justified because there are many assumptions that go into planning a budget; but only those assumptions that, if not articulated, could result in unrealistic decisions and/or placing the system in fiscal jeopardy are consequential enough to be revealed.

DATA TYPE

- Revenue projections based on the process outlined in Provision #3
- Budget separates capital from operating items
- Budget presentation identifies when cash flow is provided to the school board
- Planning assumptions that are used to develop the budget are shared and discussed.

ACTUAL DATA

Policy Area	Evidence
Projection of revenues and expenses	<p>GSN revenues are \$217.6M or 94.9% of the Board's total budget, which are largely attributed to enrolment; 5.1% of Board revenues are from other sources. Conservative enrolment projections ensure that we do not prepare unrealistic budgets. The fact that only 5.1% of our revenues are from other sources does not allow for over-inflation of these funds. Our GSN percentage of total revenues is consistent from year to year which is also lends to the credibility.</p> <p>Following our planning assumptions whereby each planning area must balance within their allocation ensures that over-budgeting does not occur. Therefore, our projections for expenditures are a direct reflection of the revenues received.</p>
Separation of capital from operational items	<p>The operational budget is \$223,556,241 or 93.5% of the total budget. Capital items such as debt and assets of an enduring nature constitute \$15,543,460 or 6.5% of the total budget. Operational items are considered day to day expenditures to maintain Board operations. Capital items are distinct and have specific financial treatment which necessitates their separation from operating. The Ministry of Education also requires that capital and operating items be separated to reflect our available funding.</p>
When the cash flow to the board will occur as part of the budget implementation cycle.	<p>Cash is flowed to the Board on the 18th of each month. 12% of our total allocation is received in September, with 8% being received in each subsequent month.</p> <p>It is important to ensure that all Ministry reporting requirements are met on time to avoid delay of funds.</p>

Policy Area	Evidence
Discloses planning assumptions and discloses why these planning assumptions are critical to the budget development.	<p>Planning Assumptions are as follows:</p> <p><u>External requirements:</u></p> <ul style="list-style-type: none"> • Approval of a “balanced budget” submitted on time to avoid financial penalties • Targeted funds must be spent accordingly for Ministry specified initiatives such as Special Education, Specialist High Skills Major etc. • Administration and Governance expenditures must be balanced within funding allocation; no over-spending allowed • Compliance with the Education Act and financial regulatory bodies (PSAB) <p><u>Internal requirements:</u></p> <ul style="list-style-type: none"> • Adequate time to prepare and consult for budget priorities • Each planning area must balance within their allocation received • Direction of system funds to address Catholic Education and faith priorities which make us distinct • Compliance with Board policies

STATEMENT OF COMPLIANCE

I report compliance

POLICY PROVISION #3:

Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.

OPERATIONAL DEFINITION:

This policy provision deals with revenues wherein expenditures will not exceed revenues. The board budget, by legislation, must be balanced. Furthermore, since the overall majority of board revenues are based on enrolment, the planned budget will be based on conservative enrolment projections as outlined below. This will result in a low potential for a deficit when the actual enrolment is known in October.

Our approach is conservative because enrolment projections are based on historical trends adjusted for known explainable factors such as anticipated shifts in demographics. Using this actual data ensures that enrolment projections are cautious and thus conservative. Finally, this method has, over the past nine years, resulted in the actual October enrolment number being within +/- 1% of the projected June enrolment thus causing minor adjustments when the actual October enrolment is known rather than being in a position of extreme cuts because the June projection was not based on a conservative and prudent approach.

Compliance will be demonstrated when enrolment projections are shown to take the following items into account and, when using the revenue number thus developed, projected expenditures will be less than or equal to the projected revenues for the proposed school year budget.

- a) Enrolment projections have been calculated using a recognized method of calculating enrolment within the education sector; that is, the previous year's enrolment is graduated to the next grade level and adjusted for historic retention rates, JK enrolment is predicted based on Regional birth rates and a growth factor is applied to estimate new registrants in other grades.
- b) Data used in the calculations is the most current information available from the school registration process, the Region of Waterloo and Provincial sources;
- c) Data to account for adjustments uses, wherever possible, population trends, including birth rates and the number of housing starts and aligns with population projections prepared by the Regional Municipality of Waterloo.

I believe this interpretation is justified because the board's revenue is driven almost exclusively by the projected student enrolment. Furthermore, the interpretation is justified because the factors used to calculate projected enrolment are the standard factors used by school boards within the Education sector to calculate projected enrolment. Finally, there is a nine-year track record outlined above as part of the explanation on compliance that this inherently conservative approach has led to positive results regarding budget development in June as compared to the actual October enrolment that are used to prepare the Revised Estimates in November; a preparation process that over time has caused little or minor adjustment because the June projections have been conservative.

DATA TYPE

- A comparison of historical enrolment assumptions used for budget purposes against the actual enrolment that was realized in each year.
- A period review of the methodologies employed by other Ontario school boards to prepare their enrolment projections.
- Evidence that expenditures in the proposed budget do not exceed revenues that are conservatively projected.

ACTUAL DATA

Each year elementary and secondary enrolment is projected for the following school year and this figure is used to calculate the amount of revenues that the board is expected to receive. The enrolment figure for budget purposes is determined as follows:

- Each fall the October 31st enrolment, from both elementary and secondary, is used to update the board's long range enrolment projections. This process involves graduating each grade to the next year while applying factors for retention and growth. New kindergarten registrations are estimated based on birth data and past trends within the individual school communities;
- In March, April, and May staffing reports are submitted by each school principal based on the expected enrolment at their school for the following year. This information incorporates new kindergarten enrolments as they are received at the school.
- The Capital Planning department uses this information to validate or modify the enrolment projection that was completed in the fall. This projection continues to be modified as new information becomes available.
- At the secondary panel enrolment at each school is estimated based on program option sheets submitted by the students. These numbers are adjusted according to historical trends to account for a drop off in enrolment between June and October and between October and March to calculate an average daily enrolment.
- The school generated enrolment figure is compared against the Capital Planning department projections and a final projection for budget purposes is developed.
- In the case of both elementary and secondary enrolment projections there is a preference towards a conservative estimate.

The table below illustrates the comparison between the enrolment projections used for budgetary purposes and the actual average daily enrolment that was realized the following year:

Year	Budget Forecast (ADE)			Actual Enrolment (ADE)			% Deviation from Forecast		
	Elem	Sec	Total	Elem	Sec	Total	Elem	Sec	Total
2000/01	15719.5	6582.60	22302.10	15757.00	6555.16	22312.16	0.24%	-0.42%	0.05%
2001/02	15758.5	6682.15	22440.65	15835.50	6723.31	22558.81	0.49%	0.62%	0.53%
2002/03	15752.0	6835.75	22587.75	15846.25	6722.65	22568.90	0.60%	-1.65%	-0.08%
2003/04	15663.5	6364.25	22027.75	15790.50	6487.45	22277.95	0.81%	1.94%	1.14%
2004/05	15579.0	6757.00	22336.00	15673.84	7014.00	22687.84	0.61%	3.80%	1.58%
2005/06	15271.0	7314.50	22585.50	15252.15	7274.32	22526.47	-0.12%	-0.55%	-0.26%
2006/07	14935.0	7475.50	22410.50	14935.45	7494.77	22430.22	0.00%	0.26%	0.09%
2007/08	14526.0	7518.32	22044.32	14649.10	7614.65	22263.75	0.85%	1.28%	1.00%
2008/09	14377.0	7450.00	21827.00	14336.00	7473.47	21809.47	-0.29%	0.32%	-0.08%
2009/10	14116.0	7447.00	21563.00	14088.25	7379.93	21468.18	-0.20%	-0.90%	-0.44%

As mentioned above the Capital Planning Department utilizes a retention based model to project enrolment. This is an in-house developed model using a standard excel spreadsheet. Inputs to the model include:

- Census data for single year of age cohorts, birth data from the Region of Waterloo Healthy Babies program and birth data from the Provincial Registrar are all used to project junior kindergarten registration;
- Actual enrolment data from the previous year;
- Historic retention rates (grade-to-grade basis);
- Residential development applications and new housing starts are monitored to predict the number of new pupils due to growth; and
- Region of Waterloo population trend projections.

The Capital Planning Department maintains a close relationship with the planning departments in other boards through a variety of professional development opportunities. The most common of these is participation on the OASBO Planning Committee. Since one of the primary functions of all planning departments is the preparation of enrolment projections there is a continuing dialogue amongst the participants regarding methodologies and data sources.

This past year the OASBO Planning Committee completed a survey of the 72 school boards in Ontario to determine what enrolment projection model they are using. The results of that survey are shown below. From the data it can be seen that the WCDSB employs the most commonly used enrolment projection methodology. The Paradigm Shift software is a commercial application that has been developed specifically to develop enrolment projections and staffing analysis. This software is typically used by the larger school boards where the program offerings are more complicated (i.e. French immersion, K-3 schools, K-6 schools, magnet schools, etc.). However, the software uses the same data inputs as the retention model.

Projection Model	No. of Boards Using Model	Percentage of Boards Using Model
Excel Spreadsheet (In-house Retention Model)	42	58.3%
Paradigm Shift (Commercial software)	13	18.0%
Baragar Systems (Commercial software)	9	12.5%
Munirom (Commercial software)	1	1.3%
Other	7	9.7%
Total	72	100%

The proposed 2010-2011 school year budget projects revenues of \$238,299,701. These revenues are based on the enrolment calculations as noted above; calculations that are conservative and based on historical evidence through a methodology has served us well. The projected expenditures are \$239,099,701 which results in a request to utilize \$800,000 from the accumulated surplus (formerly known as reserve funds). A motion for these additional funds has been made. As noted in the broad policy provision above, expenditures for the 2010-2011 school year budget are not planned to be in excess of revenues that are conservatively projected to be received during the 2010-2011 school year period.

STATEMENT OF COMPLIANCE

I report compliance

POLICY PROVISION #4:

Plan in a manner that risks unacceptable financial conditions enumerated in the Financial Condition and Activities policy.

Note: In April 2010, the Board of Trustees changed the wording of Board Policy IV 008 to read: *With respect to the actual, ongoing financial condition of the organization, the CEO shall not cause or allow the development of fiscal jeopardy or a significant deviation of actual expenditures from board priorities established in the approved budget.*

The CEO has worked with the Internal Auditor on how to craft an operational definition and on how to demonstrate compliance. We came to the conclusion that

- The language of Board Policy IV 007 is based on planning for the future
- The language of Board Policy IV 008 is based on measuring the past

According, in the words of the Internal Auditor, "it would be very difficult to use the two policies together as they are not comparing apples to apples. Policy IV 007 #4 addresses financial planning in a future fiscal year while policy IV 008 deals with actual financial conditions that have already occurred."

Thus one can infer that the planned budget does not violate Board Policy IV 008. However, one cannot demonstrate compliance until the board actually passes the budget and the budget is monitored.

STATEMENT OF COMPLIANCE

I report neither compliance nor non compliance. As noted by the Internal Auditor, it is not possible to demonstrate compliance of this policy provision and recommend to the board that the board revisit this provision concerning whether or not it is appropriate for this policy.

POLICY PROVISION #5:

Provide less for board prerogatives during the year than is set forth in the Cost of Governance policy.

OPERATIONAL DEFINITION:

Trustees will provide the CEO with a budget for Board prerogatives and this budget will be incorporated into the full budget prepared by Senior Administration for presentation to the board for approval in June of each year.

Compliance will be demonstrated by illustrating through a summary report that a sum of all the line items in the budget related to trustees equals the submitted trustee budget.

I believe this interpretation is justified because it is the responsibility of the Board of Trustees through Board Policy II 013, Cost of Governance, to provide direction and then to develop their budget proposal based on their policy.

DATA TYPE

- Report as part of budget presentation on where trustee prerogatives are included in the overall budget.

ACTUAL DATA

Policy Area	Evidence
The line items in the budget related to trustees equals the submitted trustee budget.	<p>The Board of Trustees submitted budget requests in the overall amount of \$166,000. The following amounts are reflected in the 2010-11 school year budget:</p> <ul style="list-style-type: none"> • Meetings/PD for trustees \$10,000 • Non-mileage Travel expenses \$24,000 • Catering \$ 700 • Travel within the Region \$10,000 • Travel outside the Region \$ 3,000 • Phone \$ 50 • Office supplies \$ 250 • Legal Fees \$ 7,500 • Contracts with consultants \$ 32,500 • Board Memberships \$ 75,500 • Trustee Awards \$ 500 • Miscellaneous \$ 2,000 • Total \$166,000

STATEMENT OF COMPLIANCE

I report compliance

POLICY PROVISION #6:

Present a budget that has not met the criteria of timely, open, two-way sharing, and allowing sufficient time for decision-making.

OPERATIONAL DEFINITION:

Open, two way sharing means that there will be sufficient opportunity for trustees, staff, members of the public to review, understand and have questions answered from senior administration about the school year budget. This will occur when the budget process includes a consultation process that provides opportunities for individuals as well as budget holders as outlined in policy provision #1 to receive and provide information as well as to be heard. Timely is defined as providing two or more opportunities from when the budget process begins in February to when the process concludes in June for dialogue, input and reflection on budget priorities and the actual draft budget.

I interpret allowing time for sufficient decision-making to mean the Board of Trustees and their decision-making role. The process will ensure that the formal draft budget is presented to the Board of Trustees no later than the first Monday in June with at least two occasions between the presentation and meeting for approval for the Board of Trustees to ask questions of clarification, to utilize electronic communications during the budget process to make inquires, to receive responses from administration and to receive delegations from the public on the proposed budget.

Compliance will be demonstrated when:

- 60% or more of budget holders indicate that the process was timely, open, there was two-way sharing and that they believe they were heard;
- 60% or more of participants in consultation groups indicate that the process was timely, open, there was two-way sharing and that they believe they were heard;
- 100% of trustees indicate that their major questions were addressed prior to the approval of the budget.
- A schedule of the meetings held for consultation purposes is provided.
- A schedule of the presentations and dialog opportunities with the Trustees is provided.
- There is a demonstration of how the information gathered influenced the budget.

I believe this interpretation concerning the consultation process is justified because it not only addresses groups which the budget process is mandated to consult, that is, SEAC and PIC, it also provides the opportunity for all staff, trustees, Catholic School Councils and the general public to participate in the budget priority setting process. Moreover, the process includes mechanisms for providing back to all participants through in person and the board web page the particulars of budget revenue, how the individual or group input was used to develop the budget; that is two-way sharing of information and how the information was used.

I believe the interpretation concerning sufficient time for decision-making by the Board of Trustees is reasonable. Between the initial consultation process on the budget in February and the final decision on the budget in June, all trustees have the following opportunities to gather information to inform their decision-making:

- Trustee input sessions: (February 8; March 22; April 19)
- Trustees may attend SEAC meetings: (February 3; March 3; April 7; May 4; June 2)
- Trustees may attend PIC meetings: (February 24; March 24)
- Principals have been requested to invite trustees to their Catholic School Council meetings on budget consultation
- Trustees may attend the meetings in Cambridge (April 14); Kitchener (April 20) and Waterloo (April 27)
- Trustees may email any questions to the CEO or Superintendent of Business at any time in the process.
- Trustees will receive the budget on June 7th
- Trustees will have opportunities to discern the budget for decision-making at meetings scheduled for June 16th, 21st and 28th

I believe using a 60% satisfaction rate on a survey for consultation groups is justified because although we have found no outside source to validate the 60%, we are in the process of establishing base-line data for this monitoring process. We believe 60% is a justified beginning point because it is a target that is more than half. Once the base-line data for 2010 is established, we can propose incremental increases for subsequent years.

DATA TYPE

- Results of surveys administered as part of budget development process.
- A schedule of the consultation meetings is provided.
- A schedule of when trustees had the opportunity to dialogue on the budget is presented.
- Number of questions trustees emailed to the CEO or Superintendent of Business.
- Trustees indicate prior to approving the budget that their major questions have been answered.
- The budget presentation/report indicates how the information from the consultation process influenced the budget development.

ACTUAL DATA

Policy Area	Evidence
Results of surveys administered as part of budget development process.	The survey on the consultation process was administered between May 25 th , 2010 and June 18 th , 2010. The summary data for the survey will be presented to the Board of Trustees at the Committee of the Whole meeting of June 21 st , 2010. At that time a determination of compliance will be made.
A schedule of the consultation meetings is provided.	Please refer to Appendix 'A' and 'B' attached to this report. These appendices outline the dates of the consultation meetings.
A schedule of when trustees had the opportunity to dialogue on the budget is presented.	The following dates were opportunities for trustees to dialogue on the budget on: <ul style="list-style-type: none"> • February 8, 2010 input on priorities • March 22, 2010 input on priorities • April 19, 2010 input on trustee budget • June 7, 2010 presentation of draft budget • June 16, 2010 questions on budget • June 21, 2010 questions on budget • June 28, 2010 decision-making on budget
Number of questions trustees asked at budget meetings or emailed to the CEO or Superintendent of Business.	This evidence will be provided to the Board of Trustees on June 28 th , 2010.
Trustees indicate prior to approving the budget that their major questions have been answered.	This evidence will be provided to the Board of Trustees on June 28 th , 2010 by individual trustees.

STATEMENT OF COMPLIANCE

The statement of compliance cannot be provided until June 28, 2010. In the case of the survey on the consultation process, the data will be provided on June 21st, 2010. In the instance of trustee emailed questions and trustees having major questions answered, data will be presented June 28th, 2010.

POLICY PROVISION #7:

Present a budget that:

- a) Cannot be readily understood by persons without a financial/education background
- b) Is not clear, transparent, and understandable
- c) Does not include trend analysis and historical comparators

OPERATIONAL DEFINITION:

The creation and presentation of the budget will ensure that persons with a basic day-to-day understanding of finances, such as someone with the ability to manage a household budget, would be able to know and understand how the overall budget supports learning. People viewing the budget presentation will reach this level of understanding. Moreover, whenever the budget information is presented to groups they will agree that they can grasp the board's current financial condition through the use of trends and historical comparators, what challenges the system faces as the budget is developed and where the system will be as a result of the budget. All of the above elements would be in operation if a person with a day to day understanding of budget is able to know and understand our budget presentation.

Compliance will be demonstrated through four processes:

1. 60% or higher of those who participate in the consultation groups; that is, SEAC, PIC, Employee Groups, and those at the April Community meetings will state that they do indeed understand the budget process, the system's current financial condition, budget challenges, and where the system will be as a result of the budget.
2. On a scale of 1 to 10, with a significant degree of understanding being 7, 100% of trustees will state before they make a decision to approve or not approve the budget that they do indeed understand the budget process, the system's current financial condition, budget challenges, and where the system will be as a result of the budget.
3. On a scale of 1 to 10, with a significant degree of understanding being 7, 100% of trustees will state immediately after the budget presentation that the presentation was clear, transparent and understandable. Furthermore, trustees will state what it would take to increase their level of understanding by one degree and by all degrees to reach level 10.
4. On a scale of 1 to 10, with a significant degree of understanding being 7, 100% of trustees will state immediately after the budget presentation that the presentation contained trend analysis and historical comparators.

I believe using a 60% satisfaction rate on a survey for consultation groups is justified because although we have found no outside source to validate the 60%, we are in the process of establishing base-line data for this monitoring process. We believe 60% is a justified beginning point because it is a target that is more than half. Once the base-line data for 2010 is established, we can propose incremental increases for subsequent years.

Furthermore, I believe this operational definition to be a reasonable one because it includes all those who might reasonably have an interest in the budget.

Finally, I believe this interpretation is reasonable because having individuals and groups grasp the current situation, our challenges and how the trends and historical comparators

inform the budget outcome will create confidence in the validity of the budget itself, relate to the community how the system is functioning and also create confidence in the direction the system is taking as stewards of scarce resources.

I further believe a satisfaction rate of 100% for trustees is reasonable because it is the role of the trustee to understand the financial condition and background of the system in their role as individual trustees and as a board who approve the school year budget. Furthermore, trustees have more opportunities than the general public to ask questions of clarification on the budget.

DATA TYPE

- Surveys administered as part of the budget process.

ACTUAL DATA

Policy Area	Evidence
60% or higher of those who participate in the consultation groups... will state that they do indeed understand the budget process, the system's current financial condition, budget challenges, and where the system will be as a result of the budget.	This evidence will be provided to the Board of Trustees on June 28 th , 2010.
On a scale of 1 to 10, with a significant degree of understanding being 7, 100% of trustees will state before they make a decision to approve or not approve the budget that they do indeed understand the budget process, the system's current financial condition, budget challenges, and where the system will be as a result of the budget.	This evidence will be provided to the Board of Trustees on June 28 th , 2010.
On a scale of 1 to 10, with a significant degree of understanding being 7, 100% of trustees will state immediately after the budget presentation that the presentation was clear, transparent and understandable. Furthermore, trustees will state what it would take to increase their level of understanding by one degree and by all degrees to reach level 10.	This evidence will be provided to the Board of Trustees on June 28 th , 2010.
On a scale of 1 to 10, with a significant degree of understanding being 7, 100% of trustees will state immediately after the budget presentation that the presentation contained trend analysis and historical comparators.	This evidence will be provided to the Board of Trustees on June 28 th , 2010.

STATEMENT OF COMPLIANCE

Compliance will be determined on June 28th.

