



**FINANCE AND AUDIT COMMITTEE
PUBLIC MEETING
AGENDA**

**Wednesday, May 15, 2024, 4:00 pm
School Board Office
1040 Hollywood Road S
Kelowna, BC**

Finance and Audit Committee agendas can be accessed through the following electronic Board Meeting site:
<https://pub-sd23.escribemeetings.com/>

**The Central Okanagan Board of Education acknowledges that this meeting is being held on the unceded,
Traditional Territory of the Okanagan People.**

	Pages
1. AGENDA	
<i>Additions/Amendments/Deletions</i>	
2. REPORTS/MATTERS ARISING	
2.1 <u>Finance and Audit Committee Public Meeting Report - April 17, 2024</u>	4
3. PRESENTATION	
3.1 <u>Report to the Finance and Audit Committee - Initial Communication on Audit Planning for the Year Ended June 30, 2024</u>	10
<i>(Attachment)</i>	
Presenter: Tyler Neels, Grant Thornton LLP	
4. PUBLIC QUESTION/COMMENT PERIOD	
5. COMMITTEE MEMBERS QUERIES/COMMENTS	
6. DISCUSSION/ACTION ITEMS	

6.1 Community Rental Program Review - 2024/2025

27

(Attachment)

THAT: The Finance and Audit Committee recommends to the Board:

THAT: The Board of Education set the community rental rates as attached to the Agenda, and as presented at the May 15, 2024 Finance and Audit Committee Meeting, effective July 1, 2024.

7. DISCUSSION/INFORMATION ITEMS

7.1 CommunityLINK Allocations - 2024/2025

41

(Attachment)

7.2 Financial Update - International Education Program

44

(Attachment)

8. COMMITTEE CORRESPONDENCE

9. ITEMS REQUIRING SPECIAL MENTION

10. RECOMMENDATIONS/REFERRALS TO THE BOARD/COORDINATING COMMITTEE/OTHER COMMITTEES

11. ITEMS FOR FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

June

- School District No. 23 (Central Okanagan) Annual Budget for the Fiscal Year
- 2023/2024 Accumulated Operating Surplus Review
- Proposed Multi-Year Financial Plan (2024/2025 to 2026/2027)
- Annual Review of Financial Planning and Reporting Policy

12. FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

- Wednesday, June 19, 2024

- Wednesday, September 18, 2024

4:00 pm, Main Board Room

1040 Hollywood Rd. S., Kelowna

13. MEDIA QUESTIONS

14. ADJOURNMENT



CENTRAL OKANAGAN PUBLIC SCHOOLS - BOARD COMMITTEE REPORT

Finance and Audit Committee Meeting

Public Meeting

Wednesday, April 17, 2024, 4:00 pm

School Board Office

1040 Hollywood Road S

Kelowna, BC

Board of Education: Trustee W. Broughton, Chair
Trustee V. Johnson, Committee Member
Trustee L. Guderyan, Committee Member
Trustee C. Desrosiers
Trustee A. Geistlinger
Trustee L. Tiede

Staff Delta Carmichael, Secretary-Treasurer/CFO
Kate Cumming, Assistant Secretary-Treasurer
Kevin Kaardal, Superintendent of Schools/CEO
Terry Beaudry, Deputy Superintendent of Schools
Lise Bradshaw, Executive Assistant (Recorder)

Absent: Kirsten Nugent, Finance Manager

Partner Groups: Susan Bauhart, COTA President
Teri Wishlow, CUPE President
Roslyn Hazen, COPAC Treasurer
Scott Sieben, COPVPA President
There was no representative from District Student Council.

**The Central Okanagan Board of Education acknowledged that this meeting was being held
the unceded, Traditional Territory of the Okanagan People.**

AGENDA

Add: Information item 7.1 – 2024/2025 Annual Facility Grant

April 17, 2024 Committee Agenda – approved as amended.

REPORTS/MATTERS ARISING

Finance and Audit Committee Public Meeting Report - April 3, 2024

April 3, 2024 Committee Report - received as distributed.

PUBLIC QUESTION/COMMENT PERIOD

None.

COMMITTEE MEMBERS QUERIES/COMMENTS

The COTA President queried the recent federal budget announcement regarding funding to school districts to provide food to students at school, and whether the District was aware. The Superintendent of Schools/CEO advised that the District was aware, but does not yet have any details on this announcement that may also depend on federal election results.

DISCUSSION/ACTION ITEMS

Central Okanagan Public Schools Superintendent of Schools/CEO 2024/2025 Budget Recommendations Report

The Superintendent of Schools/CEO and the Secretary-Treasurer/CFO advised that some minor edits were made to the Budget Recommendations Report based on feedback from the Committee, but there were no changes relating to budget numbers.

4:09 pm: The Deputy Superintendent left the meeting.

The Superintendent of Schools/CEO, Secretary-Treasurer/CFO and Assistant Secretary-Treasurer answered queries from the Committee.

4:14 pm: The Deputy Superintendent rejoined the meeting.

Outcome:

The Finance and Audit Committee recommended to the Board:

THAT: The Board of Education approve the Central Okanagan Public Schools Superintendent of Schools/CEO 2024/2025 Budget Recommendations, as attached to the Agenda, and as presented at the April 17, 2024 Finance and Audit Committee Meeting.

Financial Update - March 31, 2024

The Assistant Secretary-Treasurer explained that the Financial Update as of March 31, 2024, compares actual spending to the 2023/2024 Amended Annual Budget.

Items of note for the 2023/2024 financial year include:

- In September 2023, the overall funded student enrolment, excluding adult, alternate and online enrolment, was slightly higher than anticipated resulting in a slight increase in projected operating grants. This increase is reflected in the 2023/2024 Amended Budget Bylaw. The BC resident student FTE has increased by 671 students and course load funding at secondary schools is approximately 33 FTE lower than the prior year.
- Most of the District's spending to March 31, 2024 is progressing as expected although average teaching costs are higher than originally projected. In addition, costs for transportation salaries and benefits are trending higher than projected. District staff will continue to monitor these costs over the coming months.
- There continues to be unfilled job positions for CEAs and some trades positions; however, the Human Resource Department continues to actively recruit.
- Key financial risks for the District include the cost of sick leave and benefits, as well as unexpected cost increases in some major spending categories due to cost escalation.
- In the past, the cost of sick leave was budgeted using historical patterns applied to current staffing levels; however, because of the COVID-19 pandemic, the budget for staff illness costs has increased again between the 2023/2024 Annual Budget and the 2023/2024 Amended Budget. During this school year, the COVID-19 pandemic may continue to be an unexpected key financial risk. In the 2023/2024 school year, the provincial government has not provided any funding to districts to help manage COVID-19 related expenses.
- For other major spending categories, risk is mitigated through careful monitoring and if necessary, underspending in other discretionary areas to offset increasing costs.

The Superintendent of Schools/CEO, the Secretary-Treasurer/CFO and the Assistant Secretary-Treasurer responded to queries from Committee members.

Outcome:

The Finance and Audit Committee recommended to the Board:

THAT: The Finance and Audit Committee receive the Financial Update as of March 31, 2024 as presented and forward to the Board of Education as an information item.

Indigenous Education Preliminary Budget (2024/2025 Fiscal Year)

For the 2024/2025 school year, the Ministry of Education and Child Care has increased the per pupil funding by 3.51% from \$1,710 to \$1,770 for each student self-identifying as Indigenous. With an anticipated enrolment of 3,170 Indigenous students (K-12), the District will receive approximately \$5,610,900 of targeted funding.

The Indigenous Education Council unanimously supported the 2024/2025 Indigenous Education Program Preliminary Budget as presented on April 9, 2024.

In the Fall of 2023, the School Act was amended to include Bill 40. This legislation was created through engagement with Indigenous Peoples (First Nations, Inuit, and Metis) throughout the province. Bill 40 is intended to foster more effective relationships between Boards of Education and local First Nations while providing Indigenous peoples with new authority. The legislation results in changes to the Board of Education's and Indigenous Education Council's roles of authority effective July 1, 2024. For the 2024/2025 school year, the Indigenous Education Council will consult with the Board of Education and District staff and will assume full authority for approving the annual Indigenous Education Targeted Budget.

The Deputy Superintendent of Schools answered queries from the Committee regarding the Indigenous Education Targeted Budget.

Outcome:

The Finance and Audit Committee recommended to the Board:

THAT: The Board of Education approve staff's proposed 2024/2025 Indigenous Education Program Preliminary Budget, as attached to the Agenda, and as presented at the April 17, 2024 Public Finance and Audit Committee Meeting.

DISCUSSION/INFORMATION ITEMS

2024/2025 Estimated Ministry of Education and Child Care Grant Funding

The Committee reviewed and discussed the information.

2024/2025 Public Budget Survey Results

The Committee reviewed and discussed the information.

Purchasing Administrative Procedure Update

The Committee reviewed the information.

ITEMS REQUIRING SPECIAL MENTION

The COTA President queried whether funding from the Provincial Government was secure considering there is an election in the fall. The Secretary-Treasurer/CFO advised that the District uses the Multi-Year Financial Plan as a tool from the Ministry of Education and Child Care to try to project revenue, but recognized that it is something that could change if a new political party was elected.

RECOMMENDATIONS/REFERRALS TO THE BOARD/COORDINATING COMMITTEE/OTHER COMMITTEES**Public Board Meeting – April 24, 2024**

- Central Okanagan Public Schools Superintendent of Schools/CEO 2024/2025 Budget Recommendations Report (*Action Item*)

Public Board Meeting – May 8, 2024

- Indigenous Education Preliminary Budget (2024/2025 Fiscal Year) (*Action Item*)
- Financial Update - March 31, 2024 (*Information Item*)

ITEMS FOR FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS**May**

- Auditor's Report to the Finance and Audit Committee – Initial Communication on Audit Planning for the Year
- Annual CommunityLINK Allocations
- Financial Update - International Education Program

June

- School District No. 23 (Central Okanagan) Annual Budget for the Fiscal Year
- 2023/2024 Accumulated Operating Surplus Review
- Proposed Multi-Year Financial Plan (2024/2025 to 2026/2027)
- Annual Review of Financial Planning and Reporting Policy

FUTURE FINANCE AND AUDIT COMMITTEE MEETINGS

- Wednesday, May 15, 2024
- Wednesday, June 19, 2024

4:00 pm, Main Board Room
1040 Hollywood Rd. S., Kelowna

MEDIA QUESTIONS

None

ADJOURNMENT

The meeting adjourned at 4:50 pm.

Questions - Please Contact:

Trustee Broughton, Chair at 250-718-9219 or Wayne.Broughton@sd23.bc.ca

Kate Cumming, Assistant Secretary-Treasurer at 250-860-8888 or Kate.Cumming@sd23.bc.ca

Wayne Broughton, Chair

School District No. 23 (Central Okanagan)

For the year ended June 30, 2024

Report to the Finance and Audit Committee
Audit strategy

May 15, 2024

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Contents

Executive summary	1
Audit plan and risk assessment	2
Other planning matters	7
Audit fees	8
Timing and communications	9

Appendices

Appendix A – Overview and approach
Appendix B – Accounting developments

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of School District No. 23 (Central Okanagan) (the "District") for the year ended June 30, 2024. This communication will assist the Finance and Audit Committee in understanding the terms of the audit engagement, our proposed audit strategy and the level of responsibility assumed by us.

The information in this document is intended solely for the information and use of the Finance and Audit Committee, Board of Education and management. It is not intended to be distributed to or used by anyone other than these specified parties.

We have obtained our engagement letter dated July 1, 2022, which outlines our responsibilities and the responsibilities of management.

Status of our audit plan

We have started our initial planning of the audit of the financial statements of the District. The following planning-related items are outstanding:

- Internal control walkthroughs and testing
- Discussions with management and those charged with governance
- Preliminary analytical procedures
- Interim audit procedures

Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the financial statements, including disclosures, the greater the audit emphasis placed on it in terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in an Appendix of this report.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the District
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgement should be brought to your attention.

Audit plan and risk assessment

We have planned our audit in accordance with our approach summarized in Appendix A.

Materiality

The purpose of our audit is to provide an opinion as to whether the financial statements are prepared, in all material respects, in accordance with Canadian Public Sector Accounting Standards and Section 23.1 of the Budget Transparency and Accountability Act (“Section 23.1”) as at June 30, 2024. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that an auditor cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning, we made a preliminary assessment of materiality for the purpose of developing our audit strategy, including the determination of the extent of our audit procedures.

During execution of the audit, we will consider whether materiality should be re-assessed due to changes or events identified. At completion, we will consider not only the quantitative assessment of materiality, but also qualitative factors, in assessing the impact on the financial statements, our audit opinion and whether matters should be brought to your attention.

Considerations

The following is a summary of matters that relate to changes to the District and its environment that were considered in preparing our audit plan.

Matter	Discussion and impact
Challenges and uncertainties related to the current economic environment	<p>The economy is currently going through a period of high uncertainty. Factors such as inflation, labour shortages, supply constraints, fluctuations in demand, and other economic factors are creating a highly volatile landscape for businesses and other organizations. These factors may increase the risk of errors occurring in financial reporting. For example, an organization could fail to properly consider the impact of rising interest rates on the measurement of certain assets and liabilities. The risk of fraud is also increased. For example, in a challenging economic environment, there may be stronger incentives for management to present results that appear to comply with budget or for individual staff to attempt to misappropriate resources.</p> <p>As we complete our risk assessment, we will consider how the District has been impacted by these broader economic factors.</p>
Impact of ongoing significant capital additions	<p>As discussed with management during planning and as noted during our prior year audits, the District has several major capital projects ongoing. Some of these projects include:</p> <ul style="list-style-type: none"> • Construction of seven childcare centres, for which approximately \$22.3 million has been spent to date with a total estimated cost upon completion of approximately \$29.6 million. Four of the centres have been opened to date, with the remaining three expected to open on July 1/24 (Ellison Elementary and École George Elliot Secondary) and September 1/24 (École Hudson Road Elementary). • Construction of George Pringle Secondary School, for which approximately \$7.6 million has been spent to date with a total estimated cost upon completion of approximately \$124 million. The school is expected to open in September 2027. • Construction of an addition to École Dr. Knox Middle School, for which approximately \$7.4 million has been spent to date with a total estimated cost upon completion of approximately \$28 million. The addition is expected to open in the fall of 2024. • Addition of 5 prefabricated classrooms to North Glenmore Elementary School, for which approximately \$700,000 has been spent to date with a total estimated cost upon completion of approximately \$7.5 million. The prefabricated classrooms are expected to be ready for use in September 2024. <p>Large capital projects and land acquisitions bring about risks in several areas including tangible capital assets, deferred capital contributions and purchases and payables. Please see the other audit risks section of this report below for further discussion around these risks and our planned procedures.</p>
New system implementation	<p>The District transitioned to a new ERP and accounting system, Sparkrock, effective June 1, 2023. However, payroll was still processed through CIMS during the initial transition period. During the current fiscal year, payroll processes are being transitioned to Sparkrock. We plan on updating our documentation and completing testing surrounding the new payroll processes.</p>
Laws and regulations	<p>During the course of the audit, we will perform specified audit procedures to help identify instances of non-compliance with laws and regulations that may have a material effect on the financial statements. An audit of financial statements is not designed to detect all instances of non-compliance with laws and regulations and does not represent an audit of the District's compliance with applicable laws and regulations.</p> <p>While we have not identified any instances of non-compliance, we would like to know if you are aware of any instances of non-compliance.</p>

Matter	Discussion and impact
Fraud	<p>We are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management.</p> <p>During our audit planning, we will enquire of management as to their views on the risks of fraud and their processes for identifying and assessing fraud risks. We are not aware of any fraud-related matters that will affect our audit approach. However, we would like to obtain your input on the following areas:</p> <ul style="list-style-type: none"> • How you oversee management's processes for identifying and responding to the risks of fraud and the related internal controls that management has put in place • Whether you are aware of any actual, suspected or alleged fraud affecting the District beyond that already discussed

Significant risks

We identified the following significant risks on which we plan to focus our attention:

Area of risk	Why there is a risk	Planned audit response
Fraud risk related to revenue recognition	<p>There is a presumed risk of fraud in revenue.</p> <p>The risk primarily relates to revenue recognized under grants, school generated funds and tuition and fees.</p>	<ul style="list-style-type: none"> • Obtaining confirmation from the Ministry of Education and Child Care of grants received and reconciling to the appropriate accounts • Reviewing controls around the process of recognizing revenues from school generated funds, reviewing a sample of bank reconciliations, performing analytical review of transactions by school and testing a sample of receipts and disbursements • Analytical review of applicable tuition revenue recognized during the year and reviewing the deferred revenue schedule to ensure amounts received were appropriately deferred to the period to which they apply
Fraud risk from management override	<p>This is a presumed fraud risk.</p> <p>The risk relates to management's ability to override the controls surrounding financial reporting in order to report improved financial results, manipulate particular financial statement areas, or perpetrate other financial fraud.</p>	<ul style="list-style-type: none"> • Discuss with the audit team, the risk of management override (fraud) of financial controls including how and where fraud is more likely to occur • Using data analytics, test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements • Walkthrough key controls over the associated processes

Other audit risks

Other areas we have identified where we plan to focus our attention are as follows:

Area of risk	Why there is a risk	Planned audit response
Deferred capital contributions	The conditions attached to the contributions determine the appropriate accounting. It is possible that a condition could be missed or misinterpreted, resulting in accounting that is not consistent with Public Sector Accounting Standards ("PSAS").	<ul style="list-style-type: none"> • For significant deferred capital contributions, evaluate whether stipulations exist • Agree significant contributions to agreements/confirmations • Review disclosure of differences between PSAS and the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia
Investments	Changes in investment values could be incorrectly recorded or the fair values themselves could be determined inappropriately.	<ul style="list-style-type: none"> • Confirm fair value of investments with the investment custodian • Test a sample of fair values for reasonableness
Tangible capital assets and asset retirement obligation	The amount and volume of capital asset purchases increase the risk of a material misstatement occurring. The District adopted PS 3280 <i>Asset retirement obligations</i> in the prior year and the estimate will be need to continue to be assessed for reasonability in 2024 and each year moving forwards.	<ul style="list-style-type: none"> • Detailed testing of the continuity schedule, including testing a sample of capital projects to supporting documentation and GST treatment • Reviewing the classification of additions, including the accounting for any site reclassifications identified from prior years • Discussing capital processes and capital projects with management, including work in progress at year end • Reviewing the accounting for any sales of properties • Testing the reasonableness of amortization • Review applicable lease and funding agreements • Review management's calculation of the asset retirement obligation and the related supporting documents, to ensure assumptions used are still reasonable and any changes to the estimate or settlement of obligations during the year have been appropriately accounted for
Purchases and payables	With there being significant purchasing activity, there is a risk that payables could be understated, omitted or recorded in the incorrect period.	<ul style="list-style-type: none"> • Perform review of controls around the purchasing cycle • Perform analytical review of expense variances • Test of details in relation to operating expense accounts • Perform substantive procedures on cut off testing

Area of risk	Why there is a risk	Planned audit response
Employee compensation	The amount and volume of employee compensation expenses, together with the need to value and accrue certain elements of the expense, increase the risk of a material misstatement occurring.	<ul style="list-style-type: none"> • Review and test controls around maintenance of employee masterfile and related payroll • Perform a test of details on a sample of each type of employee compensation transactions, including a sample of new employees, terminations and rate changes • Reviewing accounting for sick and severance liabilities • Analytical review of compensation expense and related benefits to budget and prior year; and analytical review of salary per month by employee type • Review assumptions used by actuary in valuation of employee future benefits

Other planning matters

The following is a discussion of relevant planning matters we have considered that are specific to School District No. 23 (Central Okanagan).

Use of experts

We intend to use the work of independent third-party specialists for the following:

- Investments – we plan to rely on your investment custodian to accurately report the fair value of the investments in your portfolio
- Future employee benefits – we plan to rely on the report prepared by your actuary to value your employee future benefits

Regulatory matters

The Office of the Auditor General (“OAG”) audits the Summary Financial Statements of the Province of British Columbia which includes the financial information of the District. As part of their audit of the Province’s Summary Financial Statements they require us as the auditors of the District to perform certain audit procedures, provide copies of certain documents, and confirm certain matters to them in November 2024. The OAG has also added the District to their extended sample of School Districts in the province which involves providing additional information on balances including cash, investments and accruals. Consistent with prior years, we will make arrangements with District management in order to ensure that the required reporting is completed within the specified deadlines.

Since the OAG will be relying on the financial statements and those financial statements will have departures from PSAS with respect to the restricted contribution regulation, the OAG will need to be able to determine the amount, if any, by which the financial statements would have been different in relation to non-Provincial contributions had they been prepared in accordance with PSAS. Therefore, the OAG will require additional information such that the impact of any departure from PSAS in the reporting of non-Provincial contributions can be assessed. We will work with management in the compilation of this information and provide it to the OAG in their prescribed format.

As group auditor, the OAG will receive copies of any communications with the District, including our internal control letters. It is our understanding that the OAG is considering publicly reporting any significant weaknesses in internal controls at government departments and organizations. A significant weakness in internal controls is a weakness or combination of weaknesses that are deemed by the auditor to be important enough to be reported to an organization’s audit committee or those charged with governance.

In addition to the above, the OAG has also engaged Grant Thornton to perform certain audit procedures on the District’s March 31, 2024 financial information that is submitted to the Ministry of Education and Child Care. We will be performing these procedures in mid-May in order to assist the OAG in their audit of the Province’s Summary Financial Statements.

Audit fees

Proposed fees

Service	Current year fees	Prior year fees
Annual audit	\$ 34,550	\$ 33,540
Asset retirement obligation	N/A	5,750
CAS 315 implementation	N/A	3,300
New system implementation	TBD	2,750
Auditor General Report	925	900
Total*	\$ 35,475	\$ 46,240

*before administrative costs, disbursements and applicable taxes

Deliverables

Deliverable
Independent Auditor's Report on the June 30, 2024 financial statements
Communication of audit results
Other – Reporting to the OAG

Fee proposal considerations

Upfront and periodic discussions are central to our approach in dealing with fees. Our goal is to avoid surprises by having early and frank communication. We wish to provide you with a competitive price and fair value, while also allowing sufficient audit hours to conduct an effective audit and deliver quality service.

We have established a proposed fee for the audit for the year ended June 30, 2024 that is based on the level of activity and the anticipated complexity of the audit of the District's financial statements. If there are any variances to the above plan, we will discuss them with you and agree on any additional fees before costs are incurred, wherever possible. Any unforeseen work outside the scope of this proposal will be billed separately after discussion with District management and/or the Finance and Audit Committee.

The proposed fee is based on receiving the following from management:

- Draft financial statements including the notes to the financial statements
- All working papers and schedules as outlined in our requirements letter
- Trial balance together with reconciled control accounts
- All books and records when requested
- Use of District staff to help us locate information and provide explanations remotely if applicable

Timing and communications

Timing and communications

We are committed to delivering exceptional client service and executing our audit in the most effective, efficient and timely manner. The planned timing of our audit work and the deliverables we will provide to the Finance and Audit Committee are as follows:

Stage or deliverable	Timing/Status
Discussions and communications regarding planning	May and June 2024
Communication of audit planning	May 15, 2024
Interim procedures	June 10 – 14, 2024
Performance of audit fieldwork	August 6 – August 16, 2024
Preliminary review of reports with management	Early September 2024
Communication of audit results	September 25, 2024
Financial statement approval by the Board	September 25, 2024
Deadline for reporting to the Ministry of Education and Child Care	September 30, 2024
Deadline for reporting to the Auditor General	November 2024

In our communication of audit results, we will report on the following matters:

- Our views on significant accounting practices
- Significant difficulties, if any, encountered during the audit
- Misstatements, other than trivial errors
- Actual or suspected fraud or illegal acts
- Significant deficiencies in internal control
- Other significant audit matters, as applicable

Appendix A – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with Canadian Public Sector Accounting Standards and Section 23.1. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

Roles and responsibilities

Role of the Finance and Audit Committee and Board of Education

- Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention
- Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting
- Recommend the nomination and compensation of external auditors to the board
- Directly oversee the work of the external auditors including reviewing and discussing the audit plan

Role of management

- Prepare financial statements in accordance with Canadian Public Sector Accounting Standards and Section 23.1
- Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud
- Exercise sound judgment in selecting and applying accounting policies
- Prevent, detect and correct errors, including those caused by fraud
- Provide representations to external auditors
- Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements

Role of Grant Thornton LLP

- Provide an audit opinion that the financial statements are in accordance with Canadian Public Sector Accounting Standards and Section 23.1
 - Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS)
 - Maintain independence and objectivity
 - Be a resource to management and to those charged with governance
 - Communicate matters of interest to those charged with governance
 - Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters
-

Audit approach

Our understanding of the District and its operations drives our audit approach, which is risk based and specifically tailored to School District No. 23 (Central Okanagan).

The five key phases of our audit approach



Phase	Our approach
1. Planning	<ul style="list-style-type: none"> We obtain and update our understanding of your operations, internal controls and information systems We plan the audit timetable together
2. Assessing risk	<ul style="list-style-type: none"> We use our knowledge gained from the planning phase to assess financial reporting risks We customize our audit approach to focus our efforts on key areas
3. Evaluating internal controls	<ul style="list-style-type: none"> We evaluate the design of controls you have implemented over financial reporting risks We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls We provide you with information about the areas where you could potentially improve your controls
4. Testing accounts and transactions	<ul style="list-style-type: none"> We perform tests of balances and transactions We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency
5. Concluding and reporting	<ul style="list-style-type: none"> We conclude on the sufficiency and appropriateness of our testing We finalize our report and provide you with our observations and recommendations

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we will maintain our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the District and our beliefs about management’s honesty and integrity.

Internal control

Our audit will include gaining an understanding of the District's internal control over financial reporting. Our understanding will focus on processes associated with the identified risk areas, as described in this report. We use this understanding to determine the nature, extent and timing of our audit procedures.

Our understanding may also result in valuable internal control findings for your consideration. Note that the auditor's objectives with regards to internal control are different from those of management and those charged with governance. For example, we primarily target controls that relate to financial reporting and not those that relate to the District's operations or compliance which may also be relevant to its objectives. Therefore, management and those charged with governance cannot solely rely on our findings to discharge their responsibilities in this area.

Quality control

We have a robust quality control program that forms a core part of our client service. We combine internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to deliver high quality audit services to our clients. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality control and would be pleased to discuss any aspect with you at your convenience.

Data Analysis Software

We apply our audit methodology using advanced software tools. Grant Thornton continues to invest in developing industry-leading advanced audit data analytics tools.

IDEA

IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries.

MindBridge

Advances in artificial intelligence and machine learning have changed the face of the accounting profession. Grant Thornton has access to MindBridge's advanced data analytics platform. When used on appropriate engagements, MindBridge gives audit teams the capability to analyse 100% of the transactions included in the general ledger and, based on an assessment of each transaction against criteria based on traditional business rules, statistical methods and machine learning, the software assigns each transaction a risk score. This, in combination with the many powerful and customisable visual representations available in the software, enables audit teams to identify patterns and connections between transactions and across sub-ledgers and accounts. In appropriate circumstances, use of MindBridge may provide new insights and identify risks much more effectively and efficiently than was possible using traditional audit techniques, which facilitates a higher quality, more insightful and increasingly efficient audit.

Appendix B – PSAS Accounting developments

Public Sector Accounting Standards	Effective date
<p data-bbox="262 570 684 594">2022-2023 Annual Improvements to PSAS</p> <p data-bbox="262 607 1402 678">The Public Sector Accounting Board (PSAB) has adopted an annual improvements process to make minor improvements to standards which include clarifying guidance or wording within the standards or correcting relatively minor unintended consequences, conflicts or oversights.</p> <p data-bbox="262 691 888 716">The following standards were amended in the 2022-2023 process:</p> <ul data-bbox="262 729 1245 857" style="list-style-type: none"><li data-bbox="262 729 1245 786">• Section PS 3160 <i>Public Private Partnerships</i> The amendment updated the transitional provisions to explicitly state that early adoption is permitted.<li data-bbox="262 799 1186 857">• Section PS 3420 <i>Inter-Entity Transactions</i> The amendment clarifies that PSG-8 <i>Purchased Intangibles</i> applies to inter-entity transactions.	Effective April 1, 2023 (immediately)
<p data-bbox="262 919 772 943">Section PS 1202 Financial Statement Presentation</p> <p data-bbox="262 956 1362 980">New Section PS 1202 <i>Financial Statement Presentation</i> replaces Section PS 1201 <i>Financial Statement Presentation</i>.</p> <p data-bbox="262 993 695 1018">The main features of the new Section include:</p> <ul data-bbox="262 1031 1419 1317" style="list-style-type: none"><li data-bbox="262 1031 1419 1071">• Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities total liabilities and net assets/net liabilities<li data-bbox="262 1075 1419 1115">• Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories<li data-bbox="262 1118 1419 1159">• The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as “net debt”) calculation<li data-bbox="262 1162 1419 1203">• The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities<li data-bbox="262 1206 1419 1247">• Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed<li data-bbox="262 1250 1419 1274">• The requirement to provide a subtotal prior to financing activities in the statement of cash flow<li data-bbox="262 1278 1419 1317">• Guidance on assessing the going concern assumption <p data-bbox="262 1330 1394 1372">As a result of the issuance of the new Section, various Sections and Guidelines of the Handbook have been amended to include references to the Section. The impacted Sections and Guidelines include:</p>	Fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted <i>only if</i> the Conceptual Framework is also adopted at the same time. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202.

**Section PS 1202 Financial Statement Presentation
(continued)**

- PS 1300 *Government Reporting Entity*
- PS 2120 *Accounting Changes*
- PS 2500 *Basic Principles of Consolidation*
- PS 2510 *Additional Areas of Consolidation*
- PS 2601 *Foreign Currency Translation*
- PS 3041 *Portfolio Investments*
- PS 3060 *Interest in Partnerships*
- PS 3070 *Investments in Government Business Enterprises*
- PS 3100 *Restricted Assets and Revenues*
- PS 3160 *Public Private Partnerships*
- PS 3230 *Long-Term Debt*
- PS 3250 *Retirement Benefits*
- PS 3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*
- PS 3260 *Liability for Contaminated Sites*
- PS 3280 *Asset Retirement Obligations*
- PS 3300 *Contingent Liabilities*
- PS 3310 *Loan Guarantees*
- PS 3400 *Revenue*
- PS 3410 *Government Transfers*
- PS 3430 *Restructuring Transactions*
- PS 3450 *Financial Instruments*
- PS 4200 *Financial Statement Presentation by Not-for-Profit Organizations*
- PSG-2 *Leased Tangible Capital Assets*
- PSG-4 *Funds and Reserves*
- PSG-5 *Sale-Leaseback Transactions*

Conceptual Framework for Financial Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*.

The new Conceptual Framework includes:

- Characteristics of public sector entities
- Objectives of financial reporting
- Primary users of financial reporting and their expectations
- Role of financial statements
- Foundations and objectives of financial statements
- Qualitative characteristics of information in financial statements
- Qualitative characteristics of information in financial statements and related considerations
- Definitions of elements
- Criteria of general recognition and derecognition; and,
- Concepts of general measurement and presentation

As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. These Sections include:

- Introduction to the Public Sector Accounting Handbook (formerly the Introduction to the Public Sector Accounting Standards)
- PS 1150 *Generally accepted Accounting Principles*
- PS 1201 *Financial Statement Presentation*
- PS 1300 *Government Reporting Entity*
- PS 2100 *Disclosure of Accounting Policies*
- PS 2120 *Accounting Changes*
- PS 2130 *Measurement Uncertainty*
- PS 2200 *Related Party Transactions*
- PS 3150 *Tangible Capital Assets*
- PS 3200 *Liabilities*
- PS 3210 *Assets*
- PS 3400 *Revenue*
- PS 3430 *Restructuring Transactions*
- PS 3450 *Financial Instruments; and*
- PS 4230 *Capital Assets Held by Not-for-Profit Organizations*

The Conceptual Framework will be applied prospectively.

Fiscal years beginning on or after April 1, 2026.

Earlier adoption is permitted.

Section PS 3160 *Public Private Partnerships*

New Section PS 3160 *Public Private Partnerships* establishes standards on how to account for public private partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. Infrastructure typically includes items such as tangible capital assets (i.e., complex network systems), but may also include items that are intangible in nature. The main features of the new Section are:

- The infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is also recognized when the public sector entity recognizes an asset
- The infrastructure asset and corresponding liability are initially measured at the cost of the infrastructure asset
- Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset
- Subsequent measurement of the financial liability is at amortized cost using the effective interest method. When all or a portion of the liability represents a performance obligation, revenue is recognized, and the liability reduced in accordance with the substance of the public private partnership agreement (as performance is achieved)

Retrospective or prospective application is permitted.

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

Section PS 1000 *Financial statement concepts*, Section 1201 *Financial Statement Presentation*, and PSG-8 *Purchased intangibles*

Section PS 1000 has been amended to remove the prohibition of recognition of purchased intangibles in public sector financial statements. Consequentially, Section PS 1201 has also been amended to remove disclosure requirements for unrecognized purchased intangibles since entities can now recognize purchased intangibles in their financial statements. Entities still reporting in accordance with Section PS 1200 *Financial Statement Presentation* can also adopt the amendments and recognize purchased intangible assets. New Public Sector Guideline, PSG-8 *Purchased intangibles*, has been issued to explain the scope of the intangibles that are allowed to be recognized in the financial statements given this amendment to Section PS 1000. However, it is important to note that no further recognition, measurement, disclosure and presentation guidance has been provided.

The main features of PSG-8 include:

- A definition of purchased intangibles (which does not include those received through a government transfer, contribution or inter-entity transaction)
- Examples of items that are not purchased intangibles
- References to other guidance in the Handbook on intangibles
- Reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles

Retrospective or prospective application is permitted.

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

Section PS 3400 *Revenues*

New Section PS 3400 *Revenue* establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The main features of the new Section are:

- Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer
- Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer
- Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.



Memorandum

Date: May 10, 2024
To: Finance and Audit Committee
From: Kate Cumming, Assistant Secretary-Treasurer

Action: **Community Rental Program Review - 2024/2025**

1.0 BOARD MOTION/DIRECTION

Policy 650 - Public Use of School Facilities along with accompanying Regulations 650R and Appendix 650A.

*Main 22P-090 as amended by amendments 22P-091 and 22P-095
(May 25, 2022 Public Board Meeting)*

THAT: The Board of Education set the community rental rates for nonprofit organizations at an average of 5% over the prior year and the custodial rate of \$50 per hour, as attached to the Agenda, and as presented at the May 25, 2022 Public Board Meeting, effective July 1, 2022.

Main 22P-096 (May 25, 2022 Public Board Meeting)

THAT: The Board of Education set the community rental rates for profit organizations at an average of 10% over the prior year and the custodial rate of \$75 per hour, as attached to the Agenda, and as presented at the May 25, 2022 Public Board Meeting, effective July 1, 2022.

2.0 BACKGROUND

Since 1998, the District has been charging for rental of facilities on an hourly basis. Most other districts rent out their facilities under a similar model. The intent of the rental fee is to help recover direct and allocated costs associated with the rentals, including additional custodial allocations, equipment and utilities and wear and tear on facilities.

3.0 INFORMATION STATEMENT

School District No. 23 (Central Okanagan) provides access to facilities for a variety of user groups throughout the entire year. This ranges from hourly rentals of gymnasiums, classrooms and fields to monthly lease contracts with preschool and after school program operators.

For hourly rental contracts, facilities are rented primarily in the evening during the week, as well as weekends. All rentals are administered through an online rental platform which includes a contract outlining the terms and conditions of the rental as well as the requirement that the appropriate insurance be provided. The program is coordinated through a Facility Rental Clerk at the Board Office who liaises with all Principals (or designate) regarding availability of space at the schools. The decision to make a facility available for community use is up to the Principal and bookings are subject to availability of custodial staff and the maintenance schedule as determined by the Operations Department. Some schools participate more actively in the program than others.

During the five year period 2016-2020, usage of the rental program by the community was averaging approximately 5,300 hours annually. The usage during the 2020/2021 school year was almost zero due to the COVID-19 pandemic; however, since 2021/2022 usage has increased and is expected to be over 7,600 hours for the 2023/2024 school year.

COMMUNITY USE HOURS ANALYSIS

	Actual 2021/2022	Actual 2022/2023	Projected to 30-Jun 2023/2024	Estimated 2024/2025
Gymnasiums	4,587	5,001	7,654	6,900
Other spaces	794	2,918	607	1,200
Total paid permits	5,381	7,918	8,261	8,100
Athletics	4,445	4,892	5,777	5,175
Other	142	109	1,877	1,725
Total Gymnasium permits	4,587	5,001	7,654	6,900
Community partner permits	1,642	1,983	3,088	2,500
Youth and Athletic permits	2,945	3,017	4,566	4,300
For Profit permits	-	-	-	-
Total Gymnasium permits	4,587	5,001	7,654	6,900

In addition, there are currently 53 childcare programs (preschool, StrongStart, before and after school care programs, seamless day and child care facilities) at 24 District locations.

In 2022/2023, the rental program generated approximately \$885,000 in revenue to the District, prior to any of the child care facilities opening. The average revenue generated from the District's rental program over the past 10 years is approximately \$665,000/year. It is expected that the District's rental program will generate approximately \$1,036,000 for the 2023/2024 school year. The rental revenue includes lease revenue from 4 of the 7 child care facilities that opened throughout the school year.

Direct costs for this program in the 2022/2023 school year which, includes clerical (1.25 FTE) and custodial support (3.0 FTE), was \$305,730.

There are additional direct costs incurred in 2023/2024 and 2024/2025 related to the child care facilities which include custodial staff wages, custodial supplies, utilities, snow removal, and preventative work orders. The revenue from the child care facilities is directly offset by the direct costs incurred.

Projected costs for the 2024/2025 fiscal year also include the expected direct cost of refinishing 8 secondary and 5 middle school gymnasium floors in the summer of 2024.

COMMUNITY USE RECOVERABILITY ANALYSIS

	Actual 2022/2023	Projected 2023/2024	Estimated 2024/2025
Hourly rentals	517,290	575,765	702,175
Short term leases	367,901	268,643	270,000
Child care facilities	-	191,700	453,000
Total revenue	885,191	1,036,108	1,425,175
Rental direct costs	305,730	324,408	358,843
Child care facility direct costs	-	188,521	453,675
Floor refinishing direct costs	-	-	132,500
Total direct costs	305,730	512,929	945,018
Net Income	579,461	523,180	480,157

In addition to the direct costs above, there are a number of indirect costs that are incurred as a result of community use rentals. These indirect costs include increased weekend demand of custodial staff, overtime costs for custodial staff, custodial supplies, increases in utility costs, school administrator time managing rental groups, Operations time managing damage to facilities and wear and tear on facilities and equipment.

In particular, with regards to school gymnasiums, the product used to finish gym floors is a water based product rather than the oil based product used in past years. The water based products do not have the lifespan of the oil based products and as such wear down more quickly and are required to be refinished more frequently. Consultation with school administrators has resulted in frequent appeals regarding the surface quality and safety of gymnasium floors, primarily from secondary and middle schools whose gymnasiums experience heavy use from athletic programs. More frequent refinishing of gymnasium floors is required to maintain safety and quality of use for school and community users.

Due to these increased cost pressures and to address need at the schools, District staff recommend a new community rental classification be added to better address the increased costs of wear and tear on facilities, in particular for users who use the gymnasiums. The aim of the increase would be to generate sufficient funds from the community use of the gymnasiums in our District to fund the increased cost of refinishing the gymnasium floors on a more regular basis.

Further analysis of the community rentals has shown that essentially all of the youth and adult athletic use of the District's gyms are Non-Profit users. As outlined below, the creation of a new classification of community rental rate users would separate the current Non-Profit users of the District's gymnasiums into Community & Educational Partners and Youth and Adult Athletics.

COMMUNITY USE HOURLY RATES

**Community & Educational Partners
(Previously Non Profit)**

	2022/2023 Non Profit Rate	2024/2025	\$ Change
Administration Fee	10.00	10.00	-
Cancellation Fee	5.00	5.00	-
Weekend & After Hour Surcharge Fee	32.00	32.00	-
Gym (Middle/Secondary), includes QGE	68.00	68.00	-
Gym (Elementary), includes Central	60.00	60.00	-
Hollywood Road Education Services Classroom, Cafeteria, Multi-Purpose, Library	82.00	82.00	-
Playing Field - Youth	57.00	57.00	-
Playing Field - Adult	3.50	3.50	-
Parking Lot	6.50	6.50	-
	5.00	5.00	-
Custodial Hourly Rate	50.00	50.00	-
Weekend 4 Hr Minimum	200.00	200.00	-

Youth and Adult Athletics (New)

	2022/2023 Non Profit Rate	Proposed 2024/2025	\$ Change
Administration Fee	10.00	10.00	-
Cancellation Fee	5.00	5.00	-
Weekend & After Hour Surcharge Fee	32.00	32.00	-
Gym (Middle/Secondary), includes QGE	68.00	100.00	32.00
Gym (Elementary), includes Central	60.00	92.00	32.00
Hollywood Road Education Services Classroom, Cafeteria, Multi-Purpose, Library	82.00	82.00	-
Playing Field - Youth	57.00	57.00	-
Playing Field - Adult	3.50	3.50	-
Parking Lot	6.50	6.50	-
	5.00	5.00	-
Custodial Hourly Rate	50.00	50.00	-
Weekend 4 Hr Minimum	200.00	200.00	-

Commercial (Previously Profit)			
	2022/2023	2024/2025	\$ Change
Administration Fee	10.00	10.00	-
Cancellation Fee	5.00	5.00	-
Weekend & After Hour Surcharge Fee	50.00	50.00	-
Gym (Middle/Secondary), includes QGE	240.00	240.00	-
Gym (Elementary), includes Central	220.00	220.00	-
Hollywood Road Education Services	285.00	285.00	-
Classroom, Cafeteria, Multi-Purpose, Library	190.00	190.00	-
Playing Field - Youth	30.00	30.00	-
Playing Field - Adult	30.00	30.00	-
Parking Lot	30.00	30.00	-
Custodial Hourly Rate	75.00	75.00	-
Weekend 4 Hr Minimum	300.00	300.00	-

Classification as a Community & Educational Partner will be at the discretion of District staff and will be for not-for-profit organizations whose mandate is to offer low cost programs to youth and families, run largely by volunteers. This classification will also extend to local post-secondary partners and provincial sport organizations. The District will continue existing rental cost arrangements with District partner groups and joint use agreements with local municipalities.

As the remainder of community rental rates were increased to address inflationary cost pressures for the 2022/2023 year, no further changes are recommended at this time. There is also no change proposed to the current custodial rate at \$50/hour for nonprofit organizations and \$75/hour for profit organizations.

It is also recommended that preschool and after school rental rates be increased by 5% consistent with prior years to address ongoing cost escalation. The monthly rates for the child care facilities will remain as per the negotiated multi-year agreements.

PRESCHOOL & AFTER SCHOOL MONTHLY RATES

PRESCHOOL RATES		
	Monthly	% Change
2010 & previous	300	
2011	315	5%
2015	330	5%
2017	338	2%
2020	355	5%
2023	373	5%
Proposed 2025	392	5%

AFTER SCHOOL RATES		
	Monthly	% Change
2010 & previous	500	
2011	525	5%
2015	550	5%
2017	565	3%
2020	593	5%
2023	623	5%
Proposed 2025	654	5%

4.0 SECRETARY-TREASURER/CFO COMMENTS

The Secretary-Treasurer/CFO supports the above proposed rental fee increases, as well as the program goals. The focus continues to be on providing community access to these facilities without negatively impacting the operations of the school or the District.

5.0 STAFF RECOMMENDATIONS

THAT: The Finance and Audit Committee recommends to the Board:

THAT: The Board of Education set the community rental rates as attached to the Agenda, and as presented at the May 15, 2024 Finance and Audit Committee Meeting, effective July 1, 2024.

6.0 APPENDICES

- A. Policy 650 – Public Use of School Facilities
- B. Regulations 650R – Public Use of School Facilities
- C. Appendix 650A – Public Use of School Facilities – Schedule of Rental Fees



Section Six: School District Facilities

“Together We Learn”

650 – PUBLIC USE OF SCHOOL FACILITIES

Introduction

The Board of Education believes that school facilities are provided primarily for the education of public school students but that appropriate use by the community is acceptable in accordance with this policy and the regulations.

Policy

1. School buildings and grounds are the responsibility of the Board as set out in the School Act and may, on proper application, be made available for community use provided that:
 - 1.1 the activity shall not interfere with the education of public school students;
 - 1.2 the use shall not adversely reflect upon the district;
 - 1.3 the School District may charge fees in accordance with Regulation 650R – Public Use of School Facilities (Regulations).
 - 1.4 the School District may restrict or deny consumption of alcohol on school property in accordance with Regulation 650R – Public Use of School Facilities (*Regulations*).
2. As school buildings and property are purchased from taxes paid by the public, the community use of such facilities should be encouraged. Therefore, the Board directs that when buildings (new or existing) are being designed or renovated, district staff should attempt to ensure that the facility will enhance community use (as per Policy 605 - Educational Facility Planning).

Date Agreed: April 23, 1980

Date Amended: November 14, 1984; December 9, 1987; June 29, 1989;
January 10, 1996; June 11, 1997; May 8, 2002

Date Reviewed/Amended: November 13, 2002; June 25, 2014

Date Amended: November 12, 2008; June 24, 2009; April 14, 2021;

Related Documents: School Act Sec. 74, 650R, 650A



Section Six: School District Facilities

“Together We Learn”

**650R – PUBLIC USE OF SCHOOL FACILITIES
(REGULATIONS)**

1. User Groups

The following identifies the different user groups for the purpose of the Schedule of Rental Fees (Appendix 650A).

- **Group A - Youth/Adult Non-Profit Organizations**
Scouts Canada, Girl Guides of Canada, minor league sports teams whereby all instructors and leaders are volunteers.
Adult meetings of youth organizations, youth activities or courses, adult sports programs or adult recreational teams, private youth recreational activities, registered charitable non-profit organizations and PAC-sponsored events.
- **Group B - Profit Organizations or Commercial Activity**

2. Rental Facilities

For rental purposes, school facilities will be grouped in the following categories:

- gymnasiums - includes auditoriums and theatres;
- classrooms, cafeterias, libraries and school multi-purpose rooms;
- Hollywood Road Education Services conference/meeting rooms;
- playing fields - includes any or all parts of the school grounds.

3. Rental Conditions

- 3.1 All agreements must be signed and paid for before the start of the rental agreement.
- 3.2 Longer term agreements must pay monthly in advance.



Section Six: School District Facilities

“Together We Learn”

- 3.3 All groups, with the exception of Youth Activities, preschool and after-school care, must start after 4:00 p.m.
- 3.4 The school district calendar runs July - June; therefore all agreements must end by June 30 and be renewed for the next calendar year.

4. Facility Charges

Current charges are outlined in Schedule of Rental Fees (Appendix 650A).

4.1 Administration Fee

An administration fee for each rental agreement (per school) will be charged to all users. A rental agreement that involves more than one school site will be considered a separate agreement for each location.

4.2 Cancellation Fee

A cancellation fee (with more than 72 hours' notice) per rental agreement (per school, per time slot) will be charged to all users who cancel agreements after they are initiated. A rental that involves more than one location requires a separate rental agreement for each location. Rental fees will not be refunded should the cancellation be less than 72 hours' notice.

4.3 Rental Refund

Should the school district cancel a rental period, the renter will be refunded the rental fee for that period and any related custodial charges.

4.4 Weekend and After Hours Surcharge

There will be a surcharge for the opening of a facility on a Saturday, Sunday or holiday.

4.5 Preschool Operation

There will be a monthly charge, per classroom, for preschools operating during school hours.

4.6 After-School Care

There will be a monthly charge, per classroom, for after-school care operating between the hours of 2:30 p.m. and 6:00 p.m.



Section Six: School District Facilities

“Together We Learn”

4.7 Waiver of Fees

Providing that there are no custodial or security cost requirements, rental charges and administration fees are waived for school extra-curricular activities, meetings of COPAC, COTA, CUPE, COPVPA, PAC and School Planning Councils, school fund-raising events, PAC fund-raising events, staff activities and school-based groups.

4.8 Lining of Fields

When an outside agency requires a school field be lined, the full fee, as set from time to time by the Board of Education, will apply.

5. Custodial Rates

In the event that custodial security is required, the rates as set out in Schedule of Rental Fees (Appendix 650A) will apply.

- 5.1 After normal custodial hours from Monday - Friday and during the months of July and August, there will be a charge per hour (minimum four-hour call-out in July and August).
- 5.2 On Saturdays and Sundays there will be a charge per hour for a custodian (minimum four-hour call-out).

6. Equipment Use

- 6.1 Use of equipment within the school facilities will be at the discretion of the principal of the school.

7. Special Regulations

- 7.1 The Board reserves the right, on application, to waive or adjust the rental fees.
- 7.2 The Superintendent of Schools, in consultation with the principal concerned, may vary or waive the prescribed rental fee when they wish to foster good school/community relations.



Policies And Procedures

Section Six: School District Facilities

“Together We Learn”

8. Supervision and Clean-up Charges

- 8.1 A school district employee must be on site at all times during the rental period for all after-school uses of a school building, but the organization authorized to use the facilities shall assume full responsibility for supervision of the activity.
- 8.2 No direct payment to school district personnel is to be made by the organization for the use of the facilities.

9. Alcohol and Cannabis in School Buildings and on School Grounds

The consumption of alcohol is not permitted within District facilities or on District property during school hours or at any time in the presence of students.

- 9.1 The consumption of cannabis will not be considered at any time on District property or in District facilities.
- 9.2 Although the consumption of alcohol is not permitted in District buildings or property during instructional hours, special permission may be requested to serve alcohol outside of school hours.
- 9.3 On special request, the Secretary-Treasurer/CFO may permit the serving of alcohol at an event provided such approval is obtained in advance and appropriate licensing is obtained by the sponsor of the event. The following terms and conditions must be in place:
 - 9.3.1 A copy of the Special Event Permit and a copy of at least one "Serving It Right" Certificate must be submitted.
 - 9.3.2 A security deposit of \$1,000 may be required.
 - 9.3.3 The security deposit, minus costs to repair any damages, will be returned to the group after the rental.

10. Terms and Conditions

- 10.1 All rentals of school facilities shall be covered by the prescribed rental agreement and administered through the office of the Secretary-Treasurer/CFO.
- 10.2 Any damage to school district property will be repaired by the school district at the expense of the organization using the facilities.
- 10.3 No sprinklers and other irrigation equipment can be moved or tampered with.

**Section Six: School District Facilities***“Together We Learn”*

- 10.4 School equipment shall not be removed without special agreement.
- 10.5 No school buildings shall be used for dances, unless they are school dances sponsored by the school or parent advisory council.
- 10.6 No cannabis product use, smoking or vaping are permitted in any part of the school buildings or anywhere on school property (Policy 640 - Smoke-Free Environment).
- 10.7 The principal of the school concerned shall be consulted before any rentals are finalized.
- 10.8 Any organization or commercial enterprise wishing to use a school, or intending to put on a show in conjunction with a school, will be referred to the Secretary-Treasurer/CFO or designate before commitments of any nature are made.
- 10.9 Any film production company requesting access to our facilities for filming purposes must contact the Central Okanagan Public Schools Rental Department (at least 30 days prior to filming), and provide a copy of the script and specific filming requirements. Prior to approval, the Secretary-Treasurer/CFO or designate will review the script to ensure that the contents are respectful of the values of Central Okanagan Public Schools. The Secretary-Treasurer/CFO or designate will also determine if the District is able to accommodate filming requirements. Upon receiving approval for filming, the production company must meet with the site-based administrator/supervisor to ensure filming will not interfere with student learning or staff responsibilities. Prior written approval must be obtained and submitted to the school Principal for any students or staff involved in the production of the movies.

Date Agreed: April 23, 1980

Date Amended: November 14, 1984; December 9, 1987; June 29, 1989;
January 10, 1996; June 11, 1997; May 8, 2002;

Date Reviewed/Amended: November 13, 2002; June 25, 2014;

Date Amended: May 26, 2004; September 27, 2007; November 12,
2008; June 24, 2009; June 26, 2013; October 24, 2018; April 14, 2021

Related Document: Policy 640, 650, 650A



Policies And Procedures

Section Six: School District Facilities

“Together We Learn”

**650A – PUBLIC USE OF SCHOOL FACILITIES
SCHEDULE OF RENTAL FEES
(APPENDIX)**

Regulation	Item	Cost
650R 4.1	Administration Fee (per rental agreement, per school)	\$ 10.00
650R 4.2	Cancellation Fee (per rental agreement per school per time slot)	\$ 5.00
650R 4.4	Weekend and After Hours Surcharge Non-Profit	\$ 32.00
	Profit	\$ 50.00
650R 4.5	Preschool Operation (per month, per classroom)	Varied
650R 4.6	After-School Care (per month, per classroom)	Varied
650R 4.8	Lining of Fields (fee as set by the Board of Education)	Full Fee

*All rates are subject to applicable taxes.



Policies And Procedures

Section Six: School District Facilities

“Together We Learn”

Schedule of Rental Fees – User Groups

Group A: Youth/Adult Non-Profit Organizations		Hourly Rate
Gymnasiums	- middle/secondary (includes Quigley and George Pringle)	\$ 68.00
	- elementary (includes Central)	\$ 60.00
Hollywood Road Education Services Conference/Meeting Rooms		\$ 82.00
Classroom, cafeteria, library, multi-purpose room		\$ 57.00
Playing field – Youth		\$ 3.50
Playing Field – Adult		\$ 6.50
Parking Lot		\$ 5.00
Custodial Rates:		
	• After normal custodial hours Monday to Friday	\$ 50.00
	• Saturdays and Sundays throughout the year, and the months of July and August (Minimum four-hour call-out will apply.)	\$200.00

Group B: Profit Organizations or Commercial Activity		Hourly Rate
Gymnasiums	- middle/secondary (includes Quigley and George Pringle)	\$240.00
	- elementary (includes Central)	\$220.00
Hollywood Road Education Services Conference/Meeting Rooms		\$285.00
Classroom, cafeteria, library, multi-purpose room		\$190.00
Playing field – Youth		\$ 30.00
Playing field – Adult		\$ 30.00
Parking Lot		\$ 30.00
Custodial Rates:		
	• After normal custodial hours Monday to Friday	\$ 75.00
	• Saturdays and Sundays throughout the year, and the months of July and August (Minimum four-hour call-out will apply.)	\$300.00

*All rates are subject to applicable taxes.

Date Agreed: April 23, 1980
Date Amended: November 14, 1984; December 9, 1987; June 29, 1989;
January 10, 1996; June 11, 1997; May 8, 2002;

Date Reviewed/Amended: November 13, 2002
Date Amended: May 26, 2004; May 25, 2005; September 27, 2007;
November 12, 2008; June 24, 2009; June 9, 2010; February 7, 2011;
June 25, 2014; February 8, 2017; June 26, 2019; May 25, 2022

Related Document: 650, 650R



Memorandum

Date: May 10, 2024
To: Finance and Audit Committee
From: Kate Cumming, Assistant Secretary-Treasurer
Prepared by: Alan Lalonde, Assistant Superintendent

Information Item: CommunityLINK Allocations – 2024/2025

1.0 RELEVANT BOARD MOTION/DIRECTION

None.

2.0 BACKGROUND

CommunityLINK (learning includes nutrition and knowledge) will provide \$59.9 million in funding next year to all sixty school districts in the province to support vulnerable students in academic achievement and social functioning. The funding helps school districts provide services such as breakfast, lunch and snack programs, academic support, counselling, mental health supports, and after school programs for at-risk children and youth. CommunityLINK defines “vulnerable students” as those who may be at risk in terms of academic achievement and social functioning. These students primarily come from less affluent socio-economic backgrounds.

Historically, the Central Okanagan School District has received just over \$1.2 million from this fund each year (*Appendix A*). In early May 2024, \$1,293,116 was confirmed for the 2024/2025 school year. Consistent with the prior year, the District has focused the CommunityLINK program funding for the 2024/2025 year to support mental health initiatives including group counselling for drug & alcohol and anger management, and mental health support for all schools. The District has also been able to impact students through elementary, middle, and secondary focused mental health initiatives and the Young Parent program located at École Kelowna Secondary School.

3.0 STAFF COMMENTS

It is recommended that the District:

- a) Continues to support our school-based Mental Health Clinicians in our elementary, middle and secondary schools.
- b) Maintains the support for District programs (Young Parent program).

4.0 ASSISTANT SUPERINTENDENT'S COMMENTS

The recommended allocation of funds meets CommunityLINK expenditure guidelines. It also supports the District’s vision, purpose and cultural value statements. The programs provide an excellent range of services to help support our most vulnerable students and are a valuable supplement to our operating funding.

5.0 NEXT STEP

The Assistant Superintendent will continue to work alongside the District Principal – Learning Support Services, District Social Emotional Learning team and Health Promoting Schools teachers to plan a series of networking and learning sessions for the 2024/2025 school year.

6.0 APPENDIX

A. CommunityLINK Allocations 2024/2025

School District No. 23 (Central Okanagan)
CommunityLink Allocations - 2024/2025
June 30, 2025

Appendix A

	Budgeted 2022/2023	Actual 2022/2023	Budgeted 2023/2024	Projected 2023/2024	Budgeted 2024/2025	Comments
Prior Year Carryforward	107,175	107,175	0	0	0	
Interest Earned	0	6,322	0	0	0	
Annual MOE Funding	1,258,789	1,268,698	1,287,249	1,287,249	1,293,116	2024/2025 MECC funding announcement
Total Funding	1,365,964	1,382,195	1,287,249	1,287,249	1,293,116	
Schools Meals Program	800,000	829,064	0	0	0	In F24, MOE announced 3 years of funding (\$214M) to BC school districts to support food services programs in schools. Therefore redirected Community Link costs of \$800,000 to new MOE Feeding Futures Program and will use Community Link to support mental health support in schools that have previously been paid out of the District's Operating Budget.
Mental Health Support in Schools	515,159	504,437	1,233,314	1,233,314	1,237,869	Group counselling for Drug & Alcohol and Anger Management and Mental Health Support for all schools, other District mental health support initiatives.
Other Initiatives	20,500	12,615	20,500	20,500	20,500	Other Initiatives - Vulnerable Students, Mental Health, Vaping Education, etc.
Young Parent Program	30,305	36,079	33,435	33,435	34,747	.2857 FTE (2 blocks) to support Young Parent Program at École Kelowna Secondary School.
Total Allocation	1,365,964	1,382,194	1,287,249	1,287,249	1,293,116	
Net (Agrees to Schedule 3A)	(0)	0	0	0	0	



Memorandum

Date: May 10, 2024
To: Finance and Audit Committee
From: Kate Cumming, Assistant Secretary-Treasurer
Prepared by: Raquel Steen, Assistant Superintendent

Information: **Financial Update – International Education Program**

1.0 BACKGROUND

On an annual basis, the Board of Education requests information on the distribution of revenue from the International Education program within Central Okanagan Public Schools.

2.0 RELEVANT BOARD MOTION/DIRECTION

None.

3.0 INFORMATION STATEMENT

The International Education program continues to meet the mandate to generate revenue for the District resulting in funds being utilized to support additional staffing, initiatives, and programs within the District. Since inception, the International Education Program has generated approximately \$40.7 million of net income to subsidize the District's operations.

Appendix A provides a four-year report of the actual student FTE, total revenues, expenses, and net income as well as the projected financial position for the current school year (2023/2024). It also illustrates the fifteen-year cumulative values that support the \$36.7 million of net income the International Education Program has generated.

For the 2023/2024 school year, it is anticipated the program will collect revenues of \$6,152,110 with an estimated total of \$2,860,201 required to operate the program for the year. The remaining balance of \$3,291,909 was utilized to fund enhancements throughout the District including adding teachers to reduce class size, additional teaching time for support in middle and secondary schools and some discretionary funding for schools. With the remaining profit collected during the 2023/2024 school year, the International Education Program could fund approximately 25 FTE teachers in our system. *Appendix B* provides more detail.

The funding distributed to schools continues to enhance the student experience for all students including many of our most vulnerable.

Secondary principals continue to assert that the schools would not be able to offer the number of options and blocks, or the levels of support, without the funding that is received through the International Education Program. At middle and elementary schools, additional funds provide support, and/or create additional opportunities for field studies and activities for all students as funds are shared between schools and host classrooms. In addition, additional support for English Language Learners (ELL) newcomers is provided through this program.

Funding from the International Education Program continues to supplement support across the District for students with exceptional needs as well as those students and families who have recently arrived in Canada and our community.

The District continues to be successful in attracting students due to strong relationships with consultants around the world. For the current year, the International Education Program has 548 (2022/2023 – 594) students registered for a total of 401 student FTE. Of this total, 327 (2022/2023 - 511) students are new to the District and 96 (2022/2023 - 83) are returning students from last year. The wildfires in the Fall of 2023 directly accounted for 16 student registration cancellations.

By design, Central Okanagan Public Schools continues to operate our International Education Program as a mid-sized boutique program. This attracts students from many areas of the world. Students in our program represent 29 countries and jurisdictions for the 2023/2024 school year. This diversity supports the secondary objectives for the program of creating cultural awareness and enhancing diversity in our schools. This approach has provided a balance between generating funds and infusing culture into the District. The District's approach is different than other similar sized districts where there is a heavy reliance on only one or two markets to create a large program. As shown in *Appendix C*, large programs do generate significant financial resources for those districts.

4.0 STAFF COMMENTS

The Central Okanagan International Education Program continues to contribute financially to the District and schools, providing additional support and opportunities to students. The balanced approach to the distribution of funds between schools and the District has resulted in a very positive environment for local students with significant enhancements to opportunities and support. Schools continue to develop programs and opportunities for International students and local students to authentically engage in their learning together. The District continues to leverage International Education Program staff and services to support schools and to increase supports to immigrant and refugee students and their families, in addition to operating a program that is highly regarded by International students and consultants. Despite the uncertainties that the COVID-19 pandemic has brought over the past few years, the International Education Program remains well positioned to be able to support District priorities.

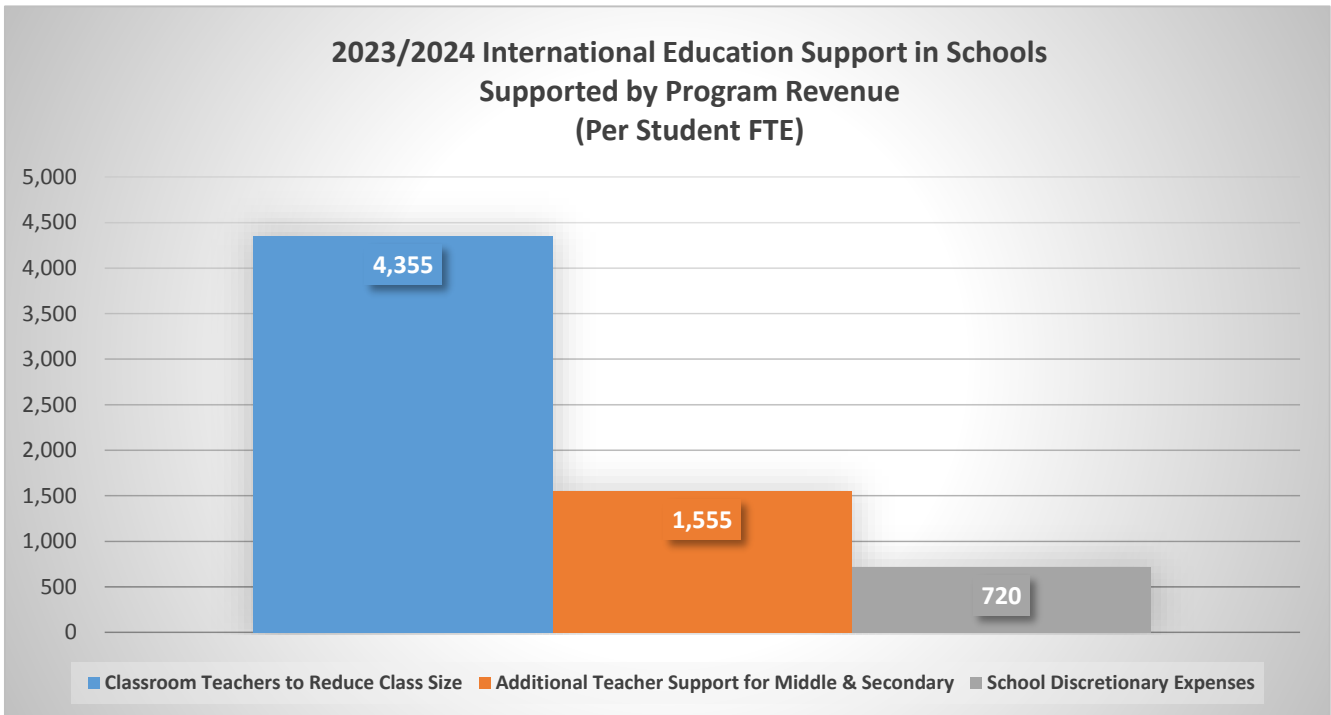
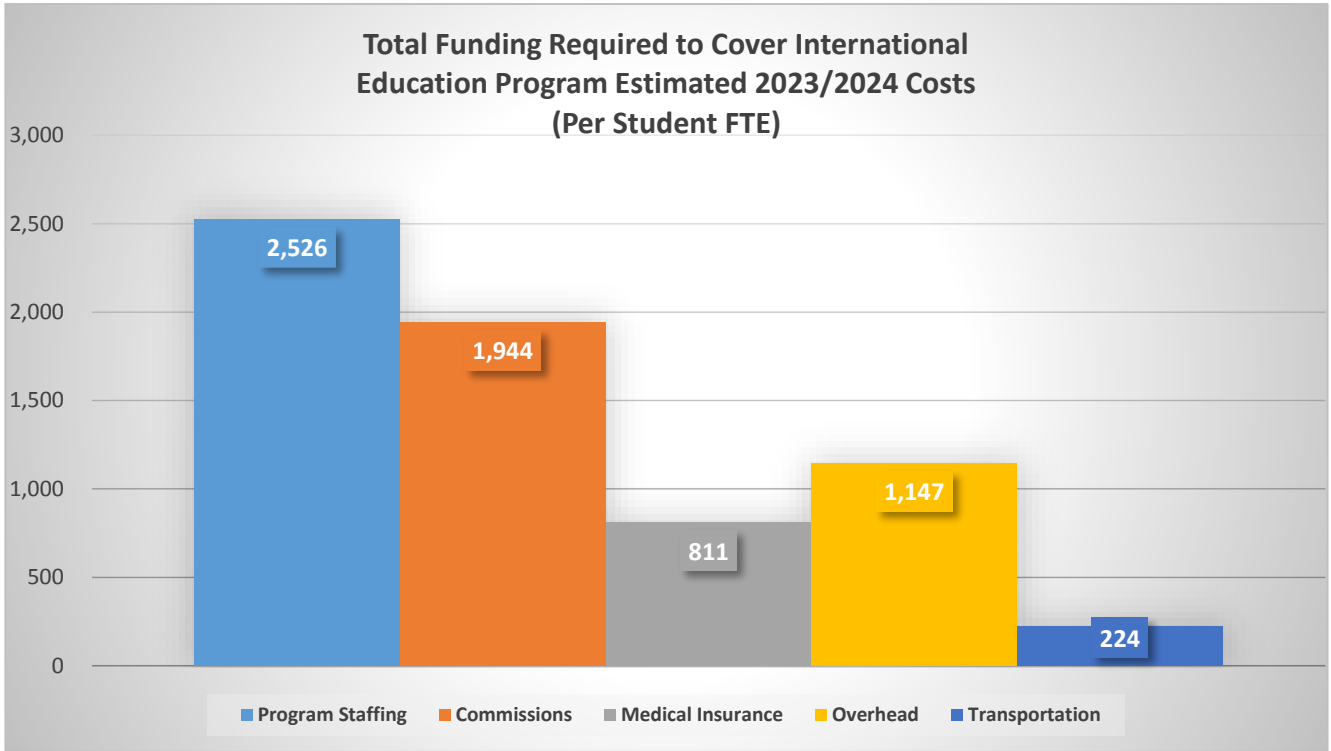
5.0 APPENDICES

- A. Financial Summary of International Education Program (15 Year Cumulative)
- B. Student Per FTE Analysis (2023/2024)
- C. District Funding Comparisons (2023/2024)

APPENDIX A
Financial Summary of International Education Program

	Actual Spending				Projected Spending	15 Year Cumulative
	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	
FTE	410	260	415	430	430	3,731
Tuition	5,249,607	3,266,461	5,637,565	5,608,563	5,567,623	53,127,012
Application Fees	87,795	59,663	84,028	104,852	24,202	606,587
Homestay Placement Fees	172,396	69,531	140,406	195,370	65,239	1,109,260
Student Insurance Fees	338,780	321,616	479,762	470,905	495,046	2,968,860
Optional Student Activity Fees	45,239	9,285	0	96,220	0	545,713
Total Revenue	5,893,817	3,726,557	6,341,761	6,475,910	6,152,110	58,357,432
Commissions	620,136	375,735	743,409	800,925	835,768	6,146,804
Recruitment	46,211	15,900	76,965	138,507	165,536	724,173
Services & Supplies	108,422	94,204	163,977	208,749	179,001	3,036,957
Student Activities	120,325	82,637	151,595	244,178	148,494	1,254,899
Student Insurance	335,110	233,258	385,822	383,815	348,781	2,414,388
Transportation (bussing)	71,878	44,100	83,690	96,649	96,406	540,178
Wages & Benefits	659,082	581,754	891,558	908,472	1,086,215	7,484,321
Total Expenses	1,961,164	1,427,589	2,497,016	2,781,294	2,860,201	21,601,720
Net Income	3,932,653	2,298,968	3,844,745	3,694,615	3,291,909	36,755,712

**APPENDIX B
Student Per FTE Analysis**



APPENDIX C
District Funding Comparisons
Fiscal 2023/2024 Data

