

Ministry of Education

Office of the Assistant Deputy Minister

Financial Policy and
Business Division
20th Floor, Mowat Block
Queen's Park
Toronto ON M7A 1L2**Ministère de l'Éducation**

Bureau du sous-ministre adjoint

Division des politiques financières et
des opérations
20e étage, édifice Mowat
Queen's Park
Toronto ON M7A 1L2**2015: B02****Memorandum To:**

Directors of Education

Secretary/Treasurers of School Authorities

From:Gabriel F. Sékaly
Assistant Deputy Minister
Financial Policy and Business Division**Date:**

February 10, 2015

Subject:Compliance with the *Broader Public Sector Accountability Act, 2010* (BPSAA)

As a follow-up to the recently issued letter by the Minister on February 10, 2015 in regards to compliance with compensation legislation, I am writing to provide you with additional information. As noted in the Minister's letter, the government is committed to ensuring the responsible and appropriate use of public funds.

The ministry will therefore conduct desk audits (materials to be sent to the ministry) to review the compensation of Directors of Education. School boards must submit the documentation described in Appendix A to the ministry by March 6, 2015. Strict confidentiality of all documents will be maintained.

In addition to this, the ministry is also requiring that each school board submit two attestation forms, as set out in Appendix B for the Compliance Report for the Employer (April 1, 2013 – March 31, 2014) and Appendix C for the Ministry of Education's Organizational Compliance. The attestation form under Appendix C is a more detailed one that also requires the Director of Education to attest that a corrective action plan will be developed where there are instances of non-compliance. School boards must submit these attestation forms to the ministry by March 6, 2015. Some boards may be chosen for random compliance audits for a select sample of Superintendents' and Other Executives' compensation. Those boards to be audited will receive further information in the near future.

The compensation restraint period in the BPSAA began on March 31, 2012 and remains in effect until a date to be named after the province ceases to have a deficit. A director, superintendent or other executive's rate of pay is frozen at the level that was in effect on March 31, 2012 until the restraint period expires.

During the restraint period, a designated employer such as a school board cannot amend the compensation plan of an executive that was in effect on March 31, 2012 in any manner that would increase the salary, the salary range, or any benefit, perquisite or non-discretionary or discretionary payment paid or payable to the executive. Further, no compensation may be provided after the restraint period to address compensation not received as a result of the Act, including providing any deferred compensation arrangement. Should a director, superintendent or other executive leave the school board and be replaced by a new individual, that individual's compensation plan cannot be greater than the compensation plan in effect on March 31, 2012 for other employees in the same or a similar position with that employer.

The following is a listing of instances, although not exhaustive, where compensation payments may have increased during the compensation restraint, as well commentary on whether they respect the intention of the Act:

Acceptable:

- Vacation payout, where the individual was not able to take the vacation entitlement during the year (in accordance with board policies in effect on March 31, 2012); and
- Increases to salary as a result of a new position with increased roles and responsibilities.

Not Acceptable:

- Movement on the grid;
- Collapsing existing grids into one grid at a higher level;
- Exchanging vacation entitlement for increases in salary, even where there is a nil net impact;
- Increases in travel allowances; and
- Increases to vacation or other benefits entitlements.

As per the Minister's letter, where boards' actions have not been in compliance with the BPSAA, they are required to develop flexible corrective action plans. School boards must submit these plans to the ministry by April 2nd, 2015. A corrective action plan should include, but not be limited to, the following:

- Anonymous listing of each individual impacted;
- Nature of non-compliance;
- Actions taken to address non-compliance;
- Timeframe to address non-compliance; and
- Additional comments, if required.

A ministry-developed template for a corrective action plan is included in Appendix D for your use if required. The ministry will review the plan and accept the plan or refer it back to the board for further action. The actual recovery by school boards of any excess compensation amounts relating to the restraint period would not need to occur by the time the plan was received by the ministry.

After completion of the document review, from the process outlined above, the ministry will publish on its website the list of boards that have submitted the attestations and, where applicable, those that have submitted acceptable board developed flexible corrective action plans.

If you have any questions related to the completion of the requested documentation, please contact either:

Patrizia Del Riccio, Manager, Financial Accountability Units at 416-325-2055 or Patrizia.delriccio@ontario.ca

Doreen Lamarche, Project Manager - Audit at 416-326-0999 / 705-755-5230 or Doreen.lamarche@ontario.ca

I would like to thank you for your cooperation in this matter.

Sincerely,

Original signed by

Gabriel F. Sékaly
Assistant Deputy Minister
Financial Policy and Business Division

c: Senior Business Officials

Marie Li, Director, Financial Analysis and Accountability Branch
Ministry of Education

Attachments

Appendix A: Desk Audits of the Compensation of Directors of Education

Appendix B: Compliance Report for the Employer

Appendix C: Attestation of Compliance – Ministry of Education Organizational Compliance

Appendix A

Desk Audits of the Compensation of Directors of Education

The Ministry of Education will conduct desk audits of the compensation packages of all current Directors of Education.

Please submit the following documents for the board's Director of Education by March 6, 2015. Strict confidentiality of all documents will be maintained. Please remove personal information such as name, social insurance number and home address from the documents. Also, please include the name and telephone number of a person to contact, if necessary.

1. T4 records for 2012 to 2014
2. Detailed payroll records (i.e., payroll journal) from January 2012 to December 31, 2014
3. Employment contracts for 2012 to 2014

Please mail or email the documents to:

Doreen Lamarche
Project Manager – Audit
Financial Analysis and Accountability Branch
20th Floor, Mowat Block
900 Bay Street
Toronto ON M7A 1L2
Email: Doreen.Lamarche@ontario.ca

Appendix B

Compliance Report for the Employer



Compliance Report

Compensation Arrangements

Pursuant to Section 7.18 of the *Broader Public Sector Accountability Act, 2010*, S.O. 2010, Chapter 25

With regard to the *Broader Public Sector Accountability Act, 2010*, Part II.1, Compensation Arrangements, and the compensation plans of designated executives and designated office holders of the employer as well as with respect to the employer's performance pay envelopes, I certify that to the best of my knowledge and belief, the employer has complied with the restraint measures throughout the reporting period in accordance with the *Broader Public Sector Accountability Act, 2010*, Part II.1, Compensation Arrangements.

Highest Ranking Officer

Last Name First Name Middle Initial

Position Title

Reporting Period

Start Date (yyyy/mm/dd)

End Date (yyyy/mm/dd)

Signature

Date (yyyy/mm/dd)

Appendix C

Attestation of Compliance – Ministry of Education Organizational Compliance



**Compliance Report
Compensation Arrangements
Ministry of Education Organizational
Compliance**

With regards to the *Broader Public Sector Accountability Act, 2010*, (BPSAA) Part II.1 Compensation Arrangements,

I certify that to the best of my knowledge and belief, the school board has complied with the following restraint measures respecting designated executive or designated office holders from March 31, 2012 to the date set out below as follows:

- Compensation plans have not been amended in any manner that would increase the salary, the salary range, or any benefit, perquisite or non-discretionary or discretionary payment (including travel allowances) under the compensation plan including any deferred compensation arrangements relating to compensation that is attributable to the restraint period.
- Salaries have not been increased on or after March 31, 2012.
- The compensation plan for designated executive or designated office holders' who commenced employment on or after April 1, 2012, do not provide for compensation greater than that under the compensation plan that was in effect on March 31, 2012 for other employees in the same or a similar position with the school board.
- The school board has not placed any designated executive or designated office holder in a new position or office with a higher compensation plan than the predecessor unless the roles and responsibilities for the position have changed.

Where the school board has not complied with the aforementioned restraint measures, I confirm that I will put a board developed flexible corrective action plan in place.

Name of School Board

Name of Director of Education

Name of Witness

Signature of Director of Education

Signature of Witness

Date (yyyy/mm/dd)