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2010: SB27

MEMORANDUM TO: Superintendents of Business and Finance

FROM: Andrew Davis
Director
Financial Analysis and Accountability Branch

DATE: May 19, 2010

SUBJECT: Ministry approval process for 2010-11 In-Year Deficit

As stated in memoranda 2010 B2 and B5, under the new amendments to the financial accountability sections of the Education Act, school boards must seek the Minister's approval for an in-year deficit that exceeds the accumulated surplus from the preceding year or is in excess of one percent of the board's operating revenue. The approval from the Ministry must be obtained prior to the final approval of the board's budget. Operating revenue for purposes of compliance is defined as operating allocations from GSN less any strike savings. Boards are encouraged to use the Ministry deficit approval template described below to assess if Ministry's approval is required.

Approval process

Requests for deficit approval should be submitted to your Ministry's Finance Officer and copied to Diane Strumila, Project Manager Grant Services (contact information provided below). The approval request must include a completed version of the Ministry's deficit approval template (excel file). Boards can access this template using the "Reports" option in EFIS.

Upon confirmation of receipt of the board's request, Ministry staff will review the information submitted and provide approval to the board within 5 business days if the deficit is caused by situations that are not permanent or non-structural in nature. If the deficit is structural in nature, or the request represents a high financial risk that places future balanced budgets at risk, more time may be required to evaluate the situation and provide direction.

It should be noted that this approval process applies to Estimates as well as other reporting cycles in the year (i.e. board's interim reporting and Revised Estimates).

Please contact your Ministry Finance Officer or the following contacts should you have questions regarding the Ministry's approval process:

Diane Strumila
Project Manager, Grant Services
Email: Diane.strumila@ontario.ca
Phone: (416) 325-8524

Anthony Yeung
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cc: Directors of Education