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**2011: SB17**

**MEMORANDUM TO:** Superintendents of Business and Finance

**FROM:** Andrew Davis  
Director  
Financial Analysis and Accountability Branch

**DATE:** May 20, 2011

**SUBJECT:** Ministry approval process for 2011-12 In-Year Deficit

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I am writing to remind you that in accordance with section 231 of the Education Act, school boards must seek the Minister's approval for an in-year deficit that exceeds the lesser of: 1) the accumulated surplus from the preceding year or 2) 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. Boards that are tabling a deficit for its 2011-12 budget are encouraged to use the Ministry deficit approval template described below to assess if the deficit has exceeded the threshold.

#### Approval process

A formal request for ministry approval should be sent by email to your Ministry's Finance Officer and copied to Diane Strumila, Project Manager Grant Services. 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 a response will be provided in a timely way. 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:

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Andrew Davis  
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cc: Directors of Education