

Ministry of Education

Financial Analysis and
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2019: SB03

MEMORANDUM TO: Superintendents of Business

FROM: Med Ahmadoun
Director
Financial Analysis and Accountability Branch

DATE: April 5, 2019

SUBJECT: **March 31, 2019 Financial Reporting Requirements**

As in previous years, the March Report is required from school boards to support the province's Public Accounts process. Information reported in the March Report such as the asset and liability account balances as at March 31, 2019, 7-month revenues and expenses, supplementary notes information, government reporting entity inter-organizational balances, and the 7-month capital activity is required by the ministry to complete the consolidation reporting for Public Accounts purposes.

September 1, 2018 to March 31, 2019 March Report Changes

The reporting requirements for the 7-month period March Report are mostly consistent with last year's March Report. Boards should review the "Summary of Changes for the 2019 March Report" section of the instruction document before starting their work on the March Report. Generally, the schedules have been updated to correspond to the 2017-18 financial statements and 2018-19 revised estimate forms. The main changes to the March Report this year include the following 6 changes:

- Schedule 19.1 - Boards no longer need to report prior year comparative information since the Ministry will use the reported information from prior year.
- Schedule 19.2 - Information on debt maturity that was previously reported on Schedule 20SUP has been moved to a separate schedule, Schedule 19.2. Boards must report their third party debt maturity, less sinking fund assets, if applicable. The ministry will load the boards' OFA debt maturity information. The debt maturity information is to be reported as at March 31, 2019.

Boards no longer need to report prior year comparative information for debt maturity since the Ministry will use the reported information from prior year.

- Schedule 20 – A new line was added for the revenue related to Benefit Plan Reserves.
- Schedule 20SUP – Boards no longer need to report prior year comparative information for contingent assets and contractual rights since the Ministry will use the reported information from prior year.

~~//////~~ A new section was added in schedule 20SUP for boards to report related party transactions. PSAB Standard PS 2200 Related Party Disclosures became effective on April 1, 2017. Boards reported related party transactions in Excel template in the 2017-18 March Report. This year, reporting has been moved into EFIS.

- Schedule 21E – A new operating deferred revenue line was added for Applied Behaviour Analysis (ABA) Training.
- Schedule 23 – A new funding source, Community Hub Replacement, was added to the schedule.

Remedy Payments and Expenses

School boards have been provided funding through Transfer Payment Agreements (TPAs) to implement the settlements between the crown and the education sector in Ontario (i.e. remedy). All remedy transfer payments must be reported as Provincial Grants on Schedule 20, in any line between Line 2.9 and 2.14, and that any payments made to employees be recorded as Other Expense in Schedule 20, Line 11.8.

Reporting Renewal Expenditure in VFA.facility

Boards are required to enter capital expenditures (including adjustments) for the following programs in VFA.facility: School Condition Improvement (SCI), Community Hubs: Minor Retrofits and Accessibility and Greenhouse Gas Reduction Fund (GGRF). For GGRF expenditures, please identify “GGRF 2017-18” as the funding source.

Reported expenditures will be uploaded nightly into EFIS until May 15, 2019 and on request after this date. As a reminder, projects need to be locked in VFA.Facility to be successfully transferred to EFIS (Greenhouse Gas Reduction Fund (GGRF) expenditure will need to be locked and archived). After the March Report cycle is complete, non-GGRF projects can be unlocked to include additional expenditures incurred later in the school year. For all expenditures, please ensure that you specify the appropriate funding source, the cost incurred in the reporting interval and the associated fiscal year.

Note that the use of capital funds is subject to audit. The ministry may choose to follow

up on reported expenditures. Failure to provide details requested by the ministry will result in either a claw back or withholding of funds.

Greenhouse Gas Reduction Fund (GGRF)

As per memorandum 2018:B17, the ministry has revised GGRF allocations for the 2018-19 school year to support the wind-down of this program. Please note that:

- Additional projects cannot be added to the approved project list.
- Boards may elect to change installation sites due to unforeseen circumstances but are not able to change the nature of the work. Ministry staff must be notified in advance of the change in installation sites.
- No additional funding will be provided for approved projects.

This program closed on March 31, 2019. Expenditures incurred after this date will need to be funded from alternative funding sources. Ineligible GGRF expenditures, reported as part of the 2017-18 Financial Statements, should be reversed out of VFA.facility to align with final approvals. Where a board needs to adjust GGRF expenditures reported under their 2017-18 Financial Statements (for instance, a reclassification of the GGRF expenditures into SCI), please ensure that adjustments are also applied to the applicable offsetting funding source in VFA.facility.

Instructions and Accountability

The detailed instructions on the March Report are available through the "[Consolidation Reporting](#)" link on the [ministry website](#). Boards are reminded to retain records of the March 31, 2019, general ledger and sub-ledger accounts, as well as other applicable records and documentation that support the specified adjustments on Schedules 19 and 20. Boards should also keep a detailed listing of the assets that support Schedule 22 (i.e. balance and activity information).

Specified Procedures Report

Consistent with prior years, school boards are required to engage their external auditors to perform specified procedures on some of the schedules relating to the March 31, 2019 financial reporting requirements. The results of the review should be reported to the ministry in the form of a specified procedures report. A sample specified procedures report, entitled "Accountants' Report with Respect to the Period from September 1, 2018 to March 31, 2019", is available on the [ministry website](#) through the "[Consolidation Reporting](#)" link.

This memorandum will also be sent to the school boards' external auditors. However, to ensure receipt in all instances, school boards are asked to also forward to their auditors a copy of this memorandum. No substantive changes have been made to the report this year.

Due Date and Submission

March report submissions via EFIS are due by May 15, 2019. The Specified Procedures Report and the signed Management Representation Report (printed from EFIS in PDF format) must be submitted to the ministry by the school board by May 22, 2019. Please send the two documents above to reporting.entity@ontario.ca, using the subject “2018-19 March Report - <2-digit board number> <board name>”, for example, “2018-19 March Report - 12 Toronto DSB”. Please use the following naming convention for the files:

- <2-digit board number><board name> 2018-19 Specified Procedures Report
 - Ex. “12 Toronto DSB 2018-19 Specified Procedures Report”
- <2-digit board number><board name> 2018-19 Management Representation
 - Ex. “12 Toronto DSB 2018-19 Management Representation”

Late Submissions

Due to the critical timelines for meeting the requirements of the 2018-19 Public Accounts, the ministry will not be able to extend the above timeline. Where the board’s reports are not submitted by the dates specified above, its regular cash flow may be reduced by 50% for the monthly transfer payments. Upon submission of the required reports, the ministry will revert back to the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

In circumstances where the board’s transfer payments are being delayed due to the cash management strategy, the board’s penalties for late submission will be added once the full amount of the delayed grant payment balance has been reached. At which time, the board’s cash flows will be impacted by the penalty for late submission and would be treated in a similar manner, prior to the implementation of the cash management strategy.

Contacts

For user/navigation assistance on EFIS, questions about the March 2019 report and the external accountant's report, please contact:

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Original signed by

Med Ahmadoun
Director

Cc: Directors of Education
School Board Auditors