

Ministry of Education

Ministère de l'Éducation

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2024: SB06

Date: March 27, 2024

Memorandum To: Senior Business Officials
Superintendents of Facility

From: Andrew Yang
Director
Financial Analysis and Accountability Branch

Paul Bloye
Director
Capital Program Branch

Subject: **March 31, 2024 Financial Reporting Requirements**

The purpose of this memorandum is to share this year's March-related financial reporting requirements, including the Major Capital Project Progress Report. The 2024 March Reporting forms are now available in the Education Finance Information System (EFIS). Please see below for details on these two financial reporting requirements.

I. MARCH REPORT SUBMISSION REQUIREMENTS

September 1, 2023 to March 31, 2024 March Report Changes and Important Notes

School boards should review the "Summary of Changes for the 2024 March Report" section of the instruction document before starting their work on the March Report. The March Report schedules have been updated to correspond to the 2022-2023 financial statements and 2023-2024 revised estimates EFIS forms, in addition to the changes highlighted below.

1. Implementation of New Public Sector Accounting Standards

The reporting requirements for the March Report have been updated to accommodate reporting related to the new Public Sector Accounting Standards (PSAS) that came into effect for fiscal years beginning on or after April 1, 2023, including Public Private Partnerships (P3),

Revenue and Purchased Intangibles (PI). Schedules have been added to capture the new reporting, along with additions, as required, to existing schedules.

2. Reporting of Labour Expenses Pending Central Collective Bargaining Agreements

As noted in Memorandum 2023:B04, the Ministry of Education (the ministry) has included a provision for upcoming labour negotiations into the benchmarks and other components of the Grants for Student Needs (GSN). Based on these increases, and consistent with the 2023-24 Revised Estimates, school boards should estimate a similar labour expense provision for teacher federations and education worker unions where central collective agreements have not been reached. A new line, 11.12 (Labour Provision) has been added to Schedule 20 (Revenue and Expenses) to record this amount. A document entitled “Labour Provision Summary”, which contains additional information, is available for download in EFIS under the “Reference Material” folder.

3. Protecting a Sustainable Public Sector for Future Generations Act Settlements

Consistent with 2023-24 Revised Estimates, school boards should not accrue any amounts, neither revenue nor expense, related to the *Protecting a Sustainable Public Sector for Future Generations Act, 2019* (“PSPSFGA” or “Bill 124”) in the 2024 March Report. If the amounts have been accrued in the general ledger, school boards are required to remove these accruals when reporting in the 2024 March Report. The ministry will report the related expenses at the sector level for 2024 Public Accounts reporting purpose.

4. Consolidation of the Ontario School Boards’ Insurance Exchange’s Financial Results

The Ministry has deferred the requirement to consolidate the Ontario School Boards’ Insurance Exchange (OSBIE) into their financial results, school boards are not required to include them in their 2024 March Report.

5. Asset Retirement Obligations and Contaminated Sites Liabilities

The accounting standards PS 3280, Asset Retirement Obligations (ARO) and PS 3260, Liability for Contaminated Sites (CS) both require reconsideration of the carrying amount for these liabilities at each year-end, to account for any new information that may be available. To assist in this reconsideration for the 2023-24 year-end, the ministry is providing the following guidance that mirrors the provincial approach.

Consistent with last year, the ministry is providing a recommended escalation rate for recalculating ARO liabilities. If a school board used the ministry recommended rate of 14.05% for cost escalation between April 1, 2022 and March 31, 2023, and has not applied any revaluation since then, the recommended cost escalation rate between April 1, 2023 and March 31, 2024 is 3.66%, based on updated information from the Building Construction Price Indexes (BCPI). For fully amortized assets that are still in productive use with an ARO liability, increases

to the ARO liability are capitalized and a new estimated remaining service life needs to be established. School boards are reminded to identify and recognize new ARO liabilities through the assessment of new assets and/or new or changed legal obligations to retired assets. Where CS liabilities are not updated to reflect current costs as at March 31, 2024, a cost escalation rate should be applied for each year since the last re-evaluation. A table of inflation rates from 2014 to 2024 is included in the March Report instruction document.

A document called the OFA Effective Annual Rates containing the discount rates available for the re-evaluation of discounted ARO and CS cashflows, as at March 31, 2024 rates, will be released and posted in the Reference Material folder during April 2024. The location of the folder is noted below. The set of discount rates reflects the province’s cost of borrowing and is calculated by the Ontario Financing Authority (OFA). School boards are responsible to determine the appropriate rate to use for a specific project, or use the rates published for specific terms when discounting their cash flows. If applying long term inflation to discounted cash flows, the recommended inflation rate is 2.0% based on Consumer Price Index (CPI) inflation rate for 2026, used in the 2023 Budget of Ontario.

Reporting Renewal Expenditure in VFA Facility

For the purposes of the March Report, school boards are required to report expenditures (including adjustments) for the following programs in VFA.facility.

1. School Condition Improvement (SCI) and School Renewal Allocation (SRA)

As a follow up to memorandum 2024:SB04, school boards are reminded that they are required to provide additional details to track activity and progress on their renewal projects. This information is intended to support provincial signage requirements and track commitments on renewal projects.

Field	Description / Note
EDU Project Number	DSB# - #### (sequential number)
Project Name	75 Character title field
Project Start Date	Forecasted / actual start date with activity on site
Project End Date	Substantially complete
Total Project Cost	Total costs including professional (e.g., legal / architectural) and installation costs
Total Amount Legally Committed	Amount currently contractually committed (should be less than or equal to total cost)

2. Investing in Canada Infrastructure Program (ICIP): COVID-19 Resilience Infrastructure Stream (CVRIS)

For ICIP related expenses, within VFA Facility, school boards will be required to identify whether

the project is capital or operating in nature to facilitate the correct uploading into EFIS (please refer to the *District School Board and School Authority Tangible Capital Assets: Provincial Accounting Policies and Implementation Guide* for capitalization requirements).

As all non-rural ICIP projects were to be substantially complete as of December 31, 2023, school boards are reminded to review their original approvals and ensure they have made any necessary claims.

3. Asset Retirement Obligation (ARO) Abatement Spending

For ARO related expenditures, UniFormat category F2030 are used for each applicable program:

- F203001 | Asbestos – Building Structure and Systems
- F203002 | Asbestos – Interior and Site
- F203003 | Fuel Tanks
- F203004 | Drinking Water Wells
- F203005 | Monitoring Wells
- F203006 | Fire Water Holding Tank
- F203007 | Lab Equipment F203008 | Other

4. Proceeds of Disposition (POD): Regular, POD-Exempt and POD-Other

Reported expenditures will be uploaded nightly into EFIS until Monday, May 6, 2024, and on request after this date. As a reminder, projects need to be locked in VFA Facility to be successfully transferred to EFIS. For all expenditures, please ensure that you specify the appropriate funding source, the cost incurred in the reporting interval and the associated fiscal year.

The use of capital funds is subject to audit. The ministry, or the federal government where applicable, may choose to follow up on reported expenditures. Failure to provide details requested by the ministry could result in either a claw back or withholding of funds.

Instructions, Supplementary/Reference Materials and Accountability

The instructions are available in the [Education Finance Information System \(EFIS\)](#).

Supplementary materials for the 2024 March Report are available to download in EFIS under the “Supplementary Material” folder in the S2324MAR application. These include the:

- Sample Accountants’ Report; and
- A March Report question-and-answer document (if one is required).

In prior years, the ministry requested separate submission of a Third-Party Trusts Template. This information will now be reported directly in EFIS in the new Schedule 33.

Reference materials related to the new accounting standards and labour expense reporting are available for download in EFIS by clicking the "Explore" button and navigating to "/Shared Workspace Pages/5. Reference Material_Matériel de référence". These include the:

- Labour Provision Summary;
- ARO Accounting Policies and Implementation Guide, Release 3;
- Contaminated Sites Accounting Policies and Implementation Guide, Release 1;
- Revenue Accounting Policies and Implementation Guide, Release 1;
- PI Accounting Policies and Implementation Guide, Release 1;
- P3 Accounting Policies and Implementation Guide, Release 1; and
- OFA Effective Annual Rates, Release 1.

School boards are reminded to retain records of the March 31, 2024 general ledger and sub-ledger accounts, as well as other applicable records and documentation that support the specified adjustments on Schedules 19 and 20. School boards should also keep a detailed listing of the assets and liabilities that supports Schedules 22, 22A, 22ARO, 27 and 29 to 32 (i.e., balance and activity information).

Accountants’ Report

Consistent with prior years, school boards are required to engage their external auditors to perform specified procedures on some of the schedules related to the March Report.

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, 2023 to March 31, 2024”, is available for download in EFIS under the “Supplementary Material” folder in the S2324MAR application.

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 a copy and the sample specified procedures to their auditors. Changes have been made to the specified procedures this year to include procedures related to new accounting standards effective for fiscal years beginning on or after April 1, 2023, including P3, PI and revenue. School boards should ensure they have accounted for these additional procedures in their planning for the reporting.

March Report Due Date and Submission

The March Report submission, via EFIS, is due by **Wednesday, May 15, 2024**.

In addition, the following documents should be submitted by authorized users to the SharePoint site at [School Board Financial Reports](#) by **Thursday, May 23, 2024**.

Element	Naming Convention
Accountants’ Report, in PDF (sample file in the Supplementary Materials folder in the	<2-digit school board number><school board name> 2023-24 Accountants’ Report

S2324MAR application)	e.g., 12 Toronto DSB 2023-24 Accountants' Report
Management Representation Report, in PDF (obtained from school board's March Report EFIS submission, signed by the Senior Business Official)	<2-digit school board number><school board name> 2023-24 Management Representation e.g., 12 Toronto DSB 2023-24 Management Representation

Late Submissions

Due to the critical timelines for meeting the requirements of the 2023-24 Public Accounts, the ministry will not be able to extend the above timeline. Where the school 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 school 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 that time, the school board's cash flows will be impacted by the penalty for late submission and would be treated in a similar manner as prior to the implementation of the cash management strategy.

II. MAJOR CAPITAL PROJECT PROGRESS REPORT REQUIREMENTS

School boards are required to complete the template for each capital project that has a remaining project-based allocation balance as of the 2022-2023 Financial Statement EFIS submission. Project-based allocations include the following funding programs: Capital Priorities, Land Priorities, Child Care Capital, Early ON Child and Family Centres, Community Hubs Replacement and Full Day Kindergarten. Information to be collected includes construction progress through various milestones, projected project expenditures and potential Land Priorities funding requests. Detailed instructions are included in the template.

The template assists the ministry in strengthening its capital accountability process and gaining a better understanding of the development cycle of major construction projects within the education sector, while providing valuable information to support the government's fiscal planning and budgeting process. School boards are required to use the best information available to ensure the accuracy of the forecasts.

School boards can access the file through the EFIS File Download Portal:

1. Login to EFIS at the following link:
https://efis.fma.csc.gov.on.ca/apex/f?p=EFIS_GOS:HOME
2. Under the tab "EFIS Internet-Enabled Applications", go to "File Download Portal".

- Click on the file folder of your school board, then select the “MCP Template Spring 2024” file and choose “Save”.

If school boards need further guidance, the File Download Portal User Guide can be found [here](#).

The naming convention for completed templates is: XX_MCP_Spring2024_Board Name.xls (XX is the school board number).

The template is to be submitted by Friday, June 28, 2024 by authorized users to the SharePoint site at School Board Financial Reports.

Contacts

For questions about the March 2024 Report, the Accountant’s Report or for user/navigation assistance in EFIS, please contact reporting.entity@ontario.ca.

For questions related to CVRIS, SCI, POD and general VFA Facility reporting, please contact:

Name	Phone	Email
Diamond Tsui	(416) 271-9760	Diamond.Tsui@ontario.ca
Eubert Isaacs	(416) 669-4354	Eubert.Isaacs@ontario.ca
Hitesh Chopra	(416) 258-3368	Hitesh.Chopra@ontario.ca

For EFIS user ID login and password assistance, please contact:

Name	Phone	Email
EFIS Support	N/A	efis.support@ontario.ca

For Major Capital Project Progress Report assistance or questions, please contact:

Name	Phone	Email
Sophie Liu	(647) 402-9597	Sophie.Liu@ontario.ca
Lisa Bland	(647) 641-2084	Lisa.Bland@ontario.ca

Sincerely,

Original signed by

Andrew Yang
 Director
 Financial Accountability and Analysis Branch

Original signed by

Paul Bloye
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c: Directors of Education
School Board External Auditors