

OPERATIONAL EXPECTATIONS**OE-5E: Financial Planning
Reasonable Interpretation and Indicators****Monitoring Method: Board Self-assessment****Monitoring Frequency: Annually**

The Board of Trustees believes that prudent financial planning and management are essential for student success and public confidence.

Interpretation |

The Chief Superintendent ensures that the CBE, as stewards of public funds, engages in careful and intentional planning for use of available funding that is aligned with the CBE mission, vision and values essential to support student learning and provide assurance to the community.

The Chief Superintendent interprets:

- *prudent financial planning* to mean the allocation of financial and other resources and investments necessary to achieve the strategic and operational objectives within the Results and the Three-Year Education Plan consistent with the CBE's overall risk appetite and specific risk tolerances;
- *prudent financial management* to mean having the processes and controls in place to balance the cost and benefit for budget decisions with available funding; and
- *public confidence* to mean the ability for members of the community to understand the rationale for budget decisions through transparent financial reporting.

The Chief Superintendent shall:

5.1 Avoid short and long term fiscal jeopardy.

Interpretation |

The Chief Superintendent is responsible for ensuring the financial health of the Calgary Board of Education is sufficient to avoid short and long term fiscal jeopardy.



The Chief Superintendent interprets:

- *financial health* to mean having sufficient and appropriate financial and other resources necessary to meet statutory obligations and achieve the CBE's strategic and operational objectives;
- *short-term fiscal jeopardy* to mean the inability to meet financial and statutory obligations occurring within the current school year;
- *long-term fiscal jeopardy* to mean the inability to meet financial and statutory obligations occurring within the 3- and 5-year period;
- *financial obligations* to mean the liabilities and operating indebtedness of the CBE; and
- *statutory obligations* to mean the legal obligations imposed upon the CBE by statute and regulation.

Indicators |

1. The financial health indicators demonstrate that the CBE is able to avoid fiscal jeopardy over the short and long term.

5.2 Develop budget-planning assumptions.

Interpretation |

The Chief Superintendent ensures that the identification of key principles, variables and risks that drive budget decisions is an important component of the budget process and is critical to consistency and transparency.

The Chief Superintendent interprets:

- *budget-planning assumptions* to mean the identification of a range of controllable and non-controllable factors that impact the ability of the CBE to achieve its Results priorities and the CBE's operational and strategic objectives.

Indicators |

1. Budget planning contains evidence of analysis, projections, adjustments and developments.
2. The Budget Assumptions Report reflects the Board's values and identifies the critical and relevant factors impacting the development and balancing of the budget.

5.3 Develop a budget that is in a summary format understandable to the Board and presented in a manner that allows the Board to understand the relationship between the budget and the Results priorities and any Operational Expectations goals for the year as set out in the Annual Summative Evaluation.

Interpretation |

The Chief Superintendent ensures that the budget reflects the focus on student learning by articulating the impact of the budget on the CBE's ability to achieve Results and strategic and operational objectives while avoiding fiscal jeopardy.

The Chief Superintendent interprets:

- *summary format understandable to the Board* to mean the format required by Alberta Education with supplemental information as required to enhance public understanding; and
- *the relationship between the budget and Results priorities and any Operational Expectations goals for the year* to mean that the budget reflects the priorities of the Three-Year Education Plan and the goals as set out in the Annual Summative Evaluation.

Indicators |

1. The budget presented to the Board of Trustees demonstrates alignment with the Three-Year Education Plan and achievement of the Results and appropriately manages risk.

5.4 Ensure prudent financial management that does not materially deviate from the budget.

Interpretation |

The Chief Superintendent ensures consistent expectations for financial management that operates within the approved budget while managing strategic and operational risks.

The Chief Superintendent interprets:

- *prudent financial planning* to mean the allocation of financial and other resources and investments necessary to achieve the strategic and operational objectives consistent with the CBE's overall risk appetite and risk tolerance levels; and
- *materially deviates from the budget* to mean quantitative variances from the approved budget including:
 - any change in approved use of reserves;
 - reserves are below the threshold established by the board;
 - creation of a deficit in any amount;
 - an annual negative variance from planned net operating surplus of \$5 million or more; and
 - any line item in the quarterly variance reports that varies by greater than 1% and \$500,000.

Indicators |

1. Budget variances do not materially deviate from the approved budget.

5.5 Ensure that prior Board approval is received for all expenditures from reserve funds and for all transfers between operating reserves, capital reserves or committed operating surplus.

Interpretation |

The Chief Superintendent ensures that the Board of Trustees authorizes the use of or transactions between operating reserve funds of any kind.

The Chief Superintendent interprets:

- *operating reserves* to mean any surpluses from prior years that may be used as a one-time funding source for any purpose with Ministerial approval;
- *capital reserves* to mean the proceeds from the disposition of land and buildings and surpluses from prior years that have

been designated as a one-time funding source for capital purposes with Board of Trustee approval; and

- *committed operating surplus* to mean any surplus from the prior year that has been appropriated to fund a previously approved undertaking that continues into the following year.

Indicators |

1. All use of reserve funds will occur with the prior approval of the Board of Trustees.
2. All transfers between reserve funds will occur with prior approval of the Board of Trustees.
3. All debt arrangements will occur with the prior approval of the Board of Trustees.

5.6 Ensure any request for use of operating reserves:

- a. is to minimize disruption due to unanticipated negative budget variances within the school year; or
- b. is to ease transitions due to significant shifts in policy or statutory obligations; or
- c. is for a one year investment in learning opportunities; and
- d. considers the risks and opportunities including sustainability and the ability to replenish operating reserves to a minimum of three percent of operating expenses

Interpretation |

The Chief Superintendent shall ensure that operating reserves are kept at a minimum threshold of three percent allowing the organization to support and respond to emergent financial and operational risks. A sustainable operation reserve will include criteria for requests from reserves and a plan for replenishing reserves if below the minimum threshold of three percent.

The Chief Superintendent interprets:

- *operating reserves* to mean assets (unrestricted fund balance that are available for use) set aside for the organization to use in the event of an unanticipated loss of revenue or increase in expenses necessary to meet statutory obligations;
- *minimize disruption* to mean taking reasonable steps to ensure the continuity of learning across the CBE;

- *unanticipated* to mean events, action, or activities that could not or cannot be reasonably foreseen;
- *one year investment in learning opportunities* to mean funds used from reserves would only be for the current school year and any programming the funds support would either need to be sustainable within the budget or terminated;
- *sustainability* to mean affordable over time within allocated resources; and
- *external block expenditures* to mean programs associated with projects and activities that do not fall within regular program areas under the Early Childhood Services (ECS) to grade 12 Education mandated areas

Indicators |

1. Operating reserves are maintained at a minimum of 3 percent of prior total expenditures, less external block expenditures.
2. Any request for reserves meets established criteria for that request.

Approved: October 27, 2020