APPENDIX D - ENCLOSURE:

RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Ministry/Agency: **Ministry of Education**
Report Title: **Financial Reporting of School Boards in Ontario**

CONFIDENTIAL

OAGO Recommendations	Ministry Responses	Actions Within Recommendations	Implementation Status of Actions	Ministry's Action Plan	Estimated Implementation Date (Month & Year)
Recommendation 1 To improve the comparability and usefulness of the school board financial statements, we recommend that the Ministry of Education: • expand its illustrative note disclosure guidance to include illustrative examples of the consolidated statements of financial position, operations, change in net debt and cash flows; and • require school boards to follow the illustrative guidance.	The Ministry of Education agrees with this recommendation. Consolidated statements of financial position, operations, change in net debt and cash flows are provided in the Education Finance Information System (EFIS) that school boards complete as part of the financial statement process. The Ministry will clarify that the format in the EFIS should extend to the school boards' audited financial statements. The Ministry will also require all school boards to follow the illustrative notes to the financial statements, unless, in consultation with their auditor, a different note better reflects the unique circumstances at a board.	To improve the comparability and usefulness of the school board financial statements, we recommend that the Ministry of Education expand its illustrative note disclosure guidance to include illustrative examples of the consolidated statements of financial position, operations, change in net debt and cash flows.	Little or No Progress	The Ministry plans to update the illustrative note disclosures to the consolidated financial statements document that it provides to school boards, to assist them in the preparation of their audited financial statements. An update will be made for the school boards' 2021-2022 school year financial reporting.	October 2022
		To improve the comparability and usefulness of the school board financial statements, we recommend that the Ministry of Education require school boards to follow the illustrative guidance.	Little or No Progress	See above	October 2022
Recommendation 2 To more clearly communicate the role of education property taxes in school board funding, we recommend that the Ministry of Education revise its illustrative school board financial statement note disclosures to clearly describe how school board funding arises and the relationship between property taxes and the GSN.	The Ministry of Education agrees with this recommendation. The Ministry will revise its illustrative school board financial statement note disclosures to clearly describe how school board funding arises and the relationship between property taxes and the Grants for Student Needs (GSN).	To more clearly communicate the role of education property taxes in school board funding, we recommend that the Ministry of Education revise its illustrative school board financial statement note disclosures to clearly describe how school board funding arises and the relationship between property taxes and the GSN.	Little or No Progress	See above	October 2022
Recommendation 3 To improve the clarity and comparability of school board financial statements for taxpayers and users of the financial statements, we recommend that the Ministry of Education revise its illustrative financial statements to add a separate line item for property taxes in the statement of operations and in a property tax note disclosure.	The Ministry of Education agrees with this recommendation. The consolidated statement of operations in the Education Finance Information System (EFIS) that school boards complete as part of the financial statement process currently includes this line item. The Ministry will clarify that the format in the EFIS should extend to the school boards' audited financial statements and make the update to the illustrative financial statements.	To improve the clarity and comparability of school board financial statements for taxpayers and users of the financial statements, we recommend that the Ministry of Education revise its illustrative financial statements to add a separate line item for property taxes in the statement of operations and in a property tax note disclosure.	Little or No Progress	See above	October 2022

Recommendation 4 To improve the clarity and comparability of school board financial statements, we recommend that the Ministry of Education: • establish a single, financial statement line-item description for property tax revenue remitted to school boards; and • revise the illustrative notes disclosures to use the same line-item description as the face of the financial statements.	The Ministry of Education agrees with this recommendation. The Ministry will establish a single, financial statement line-item description for the education portion of property tax revenue remitted to school boards. The Ministry will also revise the illustrative notes disclosures to use the same line-item description as on the face of the financial statements.	To improve the clarity and comparability of school board financial statements, we recommend that the Ministry of Education establish a single, financial statement line-item description for property tax revenue remitted to school boards.	Little or No Progress	See above	October 2022
		To improve the clarity and comparability of school board financial statements, we recommend that the Ministry of Education revise the illustrative notes disclosures to use the same line-item description as the face of the financial statements.	Little or No Progress	See above	October 2022
Recommendation 5 To improve the clarity of presentation of school boards' accounting framework and the comparability of school board financial statements, we recommend that the Ministry of Education replace the legislated accounting framework disclosures in its school board illustrative financial statements with disclosures that reference preparation in accordance with Canadian PSAS.	The Ministry of Education agrees with this recommendation. The Ministry will replace the legislated accounting framework disclosures in its school board illustrative financial statements with disclosures that reference preparation in accordance with Canadian Public Sector Accounting Standards (PSAS).	To improve the clarity of presentation of school boards' accounting framework and the comparability of school board financial statements, we recommend that the Ministry of Education replace the legislated accounting framework disclosures in its school board illustrative financial statements with disclosures that reference preparation in accordance with Canadian PSAS.	Little or No Progress	See above	October 2022
Recommendation 6 To improve the credibility of school board financial statements and usefulness of the audit opinions to donors such as parents, students, and local community members, we recommend that the Ministry of Education: • facilitate discussions between the impacted school boards and their external auditors to understand the level of documentation and controls required to provide them with a sufficient level of audit evidence; and • require school boards to implement, where cost-effective, solutions and controls to enable	The Ministry of Education agrees with this recommendation. The Ministry will facilitate discussions with the school boards and their external auditors to understand the level of documentation and controls required to provide them with a sufficient level of audit evidence. Further, based on the outcome of the discussions with school boards and their external auditors, the Ministry will work with the school boards on determining feasible options to receive unqualified audit opinions. The Ministry would like to see online donation tools available at school boards; however, cash may still need to be an option for some communities. Some school boards may still receive a qualified audit opinion, even with the	To improve the credibility of school board financial statements and usefulness of the audit opinions to donors such as parents, students, and local community members, we recommend that the Ministry of Education facilitate discussions between the impacted school boards and their external auditors to understand the level of documentation and controls required to provide them with a sufficient level of audit evidence.	Little or No Progress	During the 2021-22 school year, the Ministry will initiate meetings with the school boards and the external auditors to discuss the reasons qualified opinions were issued, and to investigate options to received clean audit opinions. During the 2022-23 school year, school boards may begin to implement any of the suitable recommendations arising from the meetings above. Depending on the length of time required to implement the recommendations, this may result in boards receiving clean audit opinions, where they previously received qualified opinions. A three-year timeline is noted since it may take until	October 2024

school boards to receive unqualified audit opinions.	implementation of an online cash system where there is an ongoing reliance on the use of cash			2023-24 for suitable recommendations to be implemented by the boards, with sign off from the auditors.	
		To improve the credibility of school board financial statements and usefulness of the audit opinions to donors such as parents, students, and local community members, we recommend that the Ministry of Education require school boards to implement, where cost-effective, solutions and controls to enable school boards to receive unqualified audit opinions.	Little or No Progress	See above	October 2024
Recommendation 7 In order to improve the reliability and accountability of school board financial statements, we recommend that the Ministry direct all school boards to: • append a signed statement of management responsibility to all audited financial statements currently published on their websites; and • attach a signed statement of management responsibility to future financial statements at the time they are issued.	The Ministry of Education agrees with this recommendation. The Ministry will direct all school boards to append a signed statement of management responsibility to all audited financial statements currently published on their websites, where it is available. The Ministry will direct school boards to attach a signed statement of management responsibility to all future financial statements at the time they are issued.	In order to improve the reliability and accountability of school board financial statements, we recommend that the Ministry direct all school boards to append a signed statement of management responsibility to all audited financial statements currently published on their websites.	Little or No Progress	The Ministry plans to update the Education Financial Information System (EFIS) financial statement instructions document. An update will be made for the school boards' 2021-2022 school year financial reporting.	October 2022
		In order to improve the reliability and accountability of school board financial statements, we recommend that the Ministry direct all school boards to attach a signed statement of management responsibility to future financial statements at the time they are issued.	Little or No Progress	See above	October 2022
Recommendation 8 In order to improve the reliability and accountability of school board financial statements, we recommend that the Ministry require school boards to include board signatures on the face of the financial statements as evidence of board approval and publish those signed copies on their websites.	The Ministry of Education agrees with this recommendation. The Ministry will require school boards to include board signatures on the face of the financial statements as evidence of board approval and publish those signed copies on their websites.	In order to improve the reliability and accountability of school board financial statements, we recommend that the Ministry require school boards to include board signatures on the face of the financial statements as evidence of board approval and publish those signed copies on their websites.	Little or No Progress	See above	October 2022
Recommendation 9 In order to improve the accuracy and usefulness of the school boards' financial statements to users, we recommend that the Ministry of Education develop and implement a standardized	The Ministry of Education agrees with this recommendation. The Ministry has provided school boards with training on how to account for transportation consortia. The Ministry will provide a refresher training session and make	In order to improve the accuracy and usefulness of the school boards' financial statements to users, we recommend that the Ministry of Education develop and implement a standardized proportionate consolidation accounting policy for the	Little or No Progress	The Ministry has previously provided school boards with training on how to account for transportation consortia. The Ministry will provide a refresher training session and make the material available on an ongoing basis.	October 2023

proportionate consolidation accounting policy for the accounting of school boards' transportation partnerships in accordance with Canadian PSAS.	the material available on an ongoing basis.	accounting of school boards' transportation partnerships in accordance with Canadian PSAS.			
Recommendation 10 In order to improve the accuracy of the financial statements for users, we recommend that the Ministry of Education: • update its illustrative school board financial statement disclosures to include a list of the transportation consortium partner names; and • direct school boards to include transportation consortia condensed financial information in the notes to their financial statements, consistent with the Ministry's illustrative note disclosure guidance.	The Ministry of Education agrees with this recommendation. The Ministry will update its illustrative school board financial statement disclosures to include a list of the transportation consortium partner names. The Ministry will also require school boards to disclose condensed financial information for transportation consortia.	In order to improve the accuracy of the financial statements for users, we recommend that the Ministry of Education update its illustrative school board financial statement disclosures to include a list of the transportation consortium partner names.	Little or No Progress	The Ministry plans to update the illustrative note disclosures to the consolidated financial statements document that it provides to school boards, to assist them in the preparation of their audited financial statements. An update will be made for the school boards' 2021-2022 school year financial reporting.	October 2022
		In order to improve the accuracy of the financial statements for users, we recommend that the Ministry of Education direct school boards to include transportation consortia condensed financial information in the notes to their financial statements, consistent with the Ministry's illustrative note disclosure guidance.	Little or No Progress	See above	October 2022
Recommendation 11 In order to improve the transparency, comparability, and usefulness of financial statements for the board of trustees and other users, we recommend that the Ministry of Education: • update the template investment note disclosure to include details about the nature of investments; and • update the template debt disclosure to include the name of the lender.	The Ministry of Education agrees with this recommendation. The Ministry will update the template investment note disclosure to include details about the nature of investments. The Ministry will also update the template debt disclosure to include the name of the lender.	In order to improve the transparency, comparability, and usefulness of financial statements for the board of trustees and other users, we recommend that the Ministry of Education update the template investment note disclosure to include details about the nature of investments.	Little or No Progress	See above	October 2022
		In order to improve the transparency, comparability, and usefulness of financial statements for the board of trustees and other users, we recommend that the Ministry of Education update the template debt disclosure to include the name of the lender.	Little or No Progress	See above	October 2022
Recommendation 12 In order to improve the usefulness and transparency of the financial statements for users, we recommend that the Ministry direct school boards to disclose the Ontario Financing Authority as a	The Ministry of Education agrees with this recommendation. The Ministry will direct school boards to disclose the Ontario Financing Authority (OFA) as a related party as described in the Ministry's illustrative guidance.	In order to improve the usefulness and transparency of the financial statements for users, we recommend that the Ministry direct school boards to disclose the Ontario Financing Authority as a related party as	Little or No Progress	See above	October 2022

related party as described in the Ministry's illustrative guidance.		described in the Ministry's illustrative guidance.			
Recommendation 13 In order to improve the transparency, consistency, and comparability of financial statements to users, we recommend that the Ministry of Education prepare and distribute standardized note disclosures for the adoption of newly issued Canadian PSAS standards that are expected to apply to school boards.	The Ministry of Education agrees with this recommendation. The Ministry will prepare and distribute standardized note disclosures for the adoption of all newly issued Canadian Public Sector Accounting Standards that are expected to apply to school boards.	In order to improve the transparency, consistency, and comparability of financial statements to users, we recommend that the Ministry of Education prepare and distribute standardized note disclosures for the adoption of newly issued Canadian PSAS standards that are expected to apply to school boards.	Fully implemented	This was noted as "already completed" in the Ministry's response to the OAGO fact check, prior to publication of their report. As new Public Sector Accounting Standards (PSAS) are adopted, the Ministry will prepare and distribute standardized note disclosures.	N/A
Recommendation 14 So that the audited school board financial statements are available to parents, guardians, and taxpayers on a timely basis, we recommend that the Ministry of Education: • direct school boards to publish audited financial statements on the school board website in an annual Ministry memo which clearly communicates the publishing deadline; and • publish a central listing of audited financial statements of school boards and school authorities on a timely basis.	The Ministry of Education agrees with this recommendation. In the 2020-2021 Financial Statement Instructions Memo issued in September 2021, the Ministry communicated the requirements for school boards to publish audited financial statements on the school board website within one month after receiving the auditor's report on the board's financial statements and will continue to do so annually. Further, the Ministry will publish and maintain a central listing of links to school board audited financial statements.	So that the audited school board financial statements are available to parents, guardians, and taxpayers on a timely basis, we recommend that the Ministry of Education direct school boards to publish audited financial statements on the school board website in an annual Ministry memo which clearly communicates the publishing deadline.	Fully implemented	This was noted as "already completed" in the Ministry's response to the OAGO, prior to publication of their report. Direction is provided to school boards in an annual Ministry memo. The 2021 memo is located here: https://efis.fma.csc.gov.on.ca/faab/Memos/SB2021/SB19_EN.pdf	N/A
		So that the audited school board financial statements are available to parents, guardians, and taxpayers on a timely basis, we recommend that the Ministry of Education publish a central listing of audited financial statements of school boards and school authorities on a timely basis.	In Process of Being Implemented	The Ministry is preparing a central listing of audited financial statements of school boards and school authorities to be published on the Financial Analysis and Accountability (FAAB) website.	Summer 2022
Recommendation 15 So that the audited school board financial statements are available to the board of trustees to enable timely decision-making and response to audit findings, we recommend that the Ministry of Education: • identify school boards that historically missed Ministry deadlines for the audit of their financial statements and engage these school boards to develop and implement strategies to comply with reporting deadlines; and	The Ministry of Education agrees with this recommendation. The Ministry will continue to identify school boards that historically missed Ministry deadlines for the audit of their financial statements and engage these school boards to develop and implement strategies to comply with reporting deadlines. Further, the Ministry will continue to monitor and review actual reporting timelines for the submission of audited school board financial statements against pre-established targets and will follow up on the delayed submissions to ensure the reporting is on track. In cases of	So that the audited school board financial statements are available to the board of trustees to enable timely decision-making and response to audit findings, we recommend that the Ministry of Education identify school boards that historically missed Ministry deadlines for the audit of their financial statements and engage these school boards to develop and implement strategies to comply with reporting deadlines.	Fully implemented	This was noted as "already completed" in the Ministry's response to the OAGO, prior to publication of their report. The Financial Analysis and Accountability Branch identifies school boards that historically missed Ministry deadlines for the audit of their financial statements and engages these school boards to develop and implement strategies to comply with reporting deadlines.	N/A
		So that the audited school board financial statements are available to the board of trustees to enable timely decision-making and response to audit	Fully implemented	This was noted as "already completed" in the Ministry's response to the OAGO, prior to publication of their report. The Financial Analysis and	N/A

• continuously monitor and review actual reporting timelines for the submission of audited school board financial statements against pre-established targets and take corrective action when such targets are not met.	unreasonable delays, the Ministry may implement cash penalties until the submission is received.	findings, we recommend that the Ministry of Education continuously monitor and review actual reporting timelines for the submission of audited school board financial statements against pre- established targets and take corrective action when such targets are not met.		Accountability Branch identifies school boards that historically missed Ministry deadlines for the audit of their financial statements and engages these school boards to develop and implement strategies to comply with reporting deadlines.	
Recommendation 16 To better hold OSBIE accountable for its use of public funds, we recommend that the Ministry of Education work with the Office of the Provincial Controller Division (Treasury Board Secretariat) to consolidate OSBIE's financial results into the consolidated financial statements of the Province in accordance with Canadian PSAS commencing with the year ended March 31, 2023.	The Ministry of Education agrees with this recommendation. The Ministry will require that school boards consolidate their proportionate share of Ontario School Boards' Insurance Exchange (OSBIE) into their financial statements. The Ministry will then consolidate OSBIE through its consolidation of school boards during the Public Accounts process. The Ministry does not have direct control over OSBIE; therefore, the Ministry will endeavour to have school boards complete the consolidation of OSBIE into their financial statements in the 2022/23 school year and reflect the consolidation in the 2022/23 Public Accounts.	To better hold OSBIE accountable for its use of public funds, we recommend that the Ministry of Education work with the Office of the Provincial Controller Division (Treasury Board Secretariat) to consolidate OSBIE's financial results into the consolidated financial statements of the Province in accordance with Canadian PSAS commencing with the year ended March 31, 2023.	Little or No Progress	The Ministry has started discussions with OSBIE, as well as the Office of the Provincial Controller Division (Treasury Board Secretariat).	2023 Public Accounts (summer/fall 2023)
Recommendation 17 To improve the usefulness and transparency of the school board financial statements, we recommend that the Ministry of Education: • revise its school board illustrative note disclosures to include the method of accounting for OSBIE, the school board's proportionate share of OSBIE's financial results, a summary of OSBIE's financial position and results, and the nature and amount of transactions between the school board and OSBIE; and • require school boards that hold membership in OSBIE to adopt this disclosure in their financial statements starting with the fiscal year ended August 31, 2023.	The Ministry of Education agrees with this recommendation. The Ministry will implement this at the time school boards have the information to proportionately consolidate the Ontario School Boards' Insurance Exchange (OSBIE). The Ministry will also require school boards to complete the consolidation of OSBIE into their financial statements and adopt this disclosure for the school board fiscal year ended August 31, 2023.	To improve the usefulness and transparency of the school board financial statements, we recommend that the Ministry of Education revise its school board illustrative note disclosures to include the method of accounting for OSBIE, the school board's proportionate share of OSBIE's financial results, a summary of OSBIE's financial position and results, and the nature and amount of transactions between the school board and OSBIE. .	Little or No Progress	The Ministry plans to update the illustrative note disclosures to the consolidated financial statements document that it provides to school boards, to assist them in the preparation of their audited financial statements. An update will be made for the school boards' 2022-2023 school year financial reporting.	October 2023
		To improve the usefulness and transparency of the school board financial statements, we recommend that the Ministry of Education require school boards that hold membership in OSBIE to adopt this disclosure in their	Little or No Progress	See above	October 2023

		financial statements starting with the fiscal year ended August 31, 2023.			