

# Chapter 1

## Section 1.06

Ministry of Education

Follow-Up on 2021 Value-for-Money Review:

# Financial Reporting of School Boards in Ontario

### RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2	2				
Recommendation 2	1	1				
Recommendation 3	1	1				
Recommendation 4	2	2				
Recommendation 5	1			1		
Recommendation 6	2		2			
Recommendation 7	2	2				
Recommendation 8	1	1				
Recommendation 9	1	1				
Recommendation 10	2	2				
Recommendation 11	2	2				
Recommendation 12	1	1				
Recommendation 13	1	1				
Recommendation 14	2	2				
Recommendation 15	2	1		1		
Recommendation 16	1		1			
Recommendation 17	2		2			
<b>Total</b>	<b>26</b>	<b>19</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>%</b>	<b>100</b>	<b>73</b>	<b>19</b>	<b>8</b>	<b>0</b>	<b>0</b>

### Overall Conclusion

The Ministry of Education (Ministry), as of October 20, 2023, has fully implemented 73% of actions we recommended in our *2021 Annual Report*. This includes the Ministry updating its illustrative note disclosure guidance for school boards and requiring school boards

to use consistent terms for education property tax revenues.

The Ministry has made progress in implementing an additional 19% of the recommended actions. This includes meeting with school boards that received qualified audit opinions for their 2019/20 fiscal year financial statements to understand the rationale for these opinions with a view to having these entities

receive unqualified audit opinions for fiscal year 2023/24.

However, the Ministry has made little progress on 8% of the recommended actions. Specifically, the Ministry has not replaced 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.

The status of actions taken on each of our recommendations is described in this report.

## Background

In 2019/20, the Ministry of Education (Ministry) provided the province's 72 district school boards and 10 school authorities (school boards) with \$25.6 billion. School boards used this money to administer Ontario's elementary and secondary education programs.

The Ministry is responsible for overseeing school boards' financial health and how they make use of funding. Audited financial statements are a primary tool for oversight. The *Education Act* (Act) governs school boards and requires the treasurer of every board to prepare annual financial statements covering the period from September 1 to August 31—the school year. These financial statements must be audited, submitted to the Ministry, and made publicly available on each school board's website within six months after the school year-end. The Ministry reviews the audited financial statements to confirm that school boards are compliant with the Act. Parents, guardians and the public can also read these financial statements to evaluate the quality of school board financial management in their region.

Our review assessed whether the financial statements of Ontario's school boards for the 2018/19 and 2019/20 fiscal years were effectively prepared and communicated. We assessed whether financial information was publicly available, relevant, reliable, comparable, understandable and clearly presented in a manner that maximized its usefulness to financial statement users, in accordance with Canadian Public Sector Accounting Standards (Canadian PSAS).

Overall, our review found that school board financial statements were prepared in accordance with Canadian PSAS. However, there were several opportunities to improve the quality of school board financial reporting in Ontario by implementing best practices for financial statement disclosures.

Some of our significant findings were:

- School boards inconsistently disclosed education property tax revenues. Only one school board disclosed a detailed description of the nature of education property tax revenues. Collectively, school boards used 11 different terms (such as “municipal grants” and “provincial grants in lieu of taxes”) to refer to property tax revenue in their financial statements. Further, in both 2018/19 and 2019/20, 34 school boards did not separately disclose the amount of property tax revenue, even though property taxes contribute approximately \$7 billion or 29% of total provincial funding to school boards.
- The financial statements of 18 school boards did not receive a “clean opinion” in 2018/19 (16 in 2019/20) because auditors were unable to determine whether fundraising revenue was complete. School fundraising revenue (unaudited) for these 18 school boards totalled \$31.4 million in 2018/19 (\$16.2 million in 2019/20). These school boards received qualified opinions because they did not have adequate documentation and controls in place for auditors to verify the completeness of their cash fundraising.
- School board financial statements stated that they were prepared in accordance with legislated requirements, instead of referring to Canadian PSAS. Reporting under a legislated framework may have created the perception that Ontario's school board financial statements were not prepared in accordance with Canadian PSAS, and therefore not comparable to other jurisdictions' school board financial statements or to broader public sector entities in Ontario, even though the legislation actually results in the same accounting as Canadian PSAS.

- Seventy-one school boards had entered into 33 partnership agreements to provide bus transportation services to students. These agreements were considered to be “government partnerships” under Canadian PSAS. Nine school boards incorrectly accounted for their school bus transportation partnerships in both 2018/19 and 2019/20, including a \$26 million overstatement of expenses for the two boards that had fully consolidated their partnership interests. The remaining seven school boards understated their assets, liabilities, and in some cases revenues, by not recording their share of the partnership’s financial results.
- Twenty-seven school boards in 2018/19 (27 in 2019/20) did not disclose the names of their lenders on loans that totalled approximately \$2.4 billion. Canadian PSAS require the nature of investments and related party transactions, such as borrowing through a provincial agency, to be disclosed. Ontario regulations also establish limitations for school board borrowing, including who school boards can borrow from, investing and other financial transactions. Another eight school boards did not disclose details about their \$222 million in investments. Failure to disclose this information meant the Ministry and other users could not use the audited financial statements to evaluate school boards’ compliance with all debt and investment regulations.
- The Province did not consolidate the Ontario School Boards’ Insurance Exchange (OSBIE). OSBIE was established in 1987 to provide general liability insurance to Ontario school boards and has since evolved to provide various types of insurance such as property insurance, cyber insurance and fleet automobile insurance. OSBIE is collectively controlled by 79 school boards. Canadian PSAS require the financial results of controlled entities to be fully consolidated in the Province’s statements. The Province has not historically reported in its consolidated

financial statements OSBIE’s financial results, which included \$128 million in net assets and \$11 million in comprehensive income as of December 31, 2020, and for the year then ended, respectively.

We made 17 recommendations, consisting of 26 action items, to address our findings. We received commitment from the Ministry that it would take action to address our recommendations.

## Status of Actions Taken on Recommendations

We conducted assurance work between March 2023 and October 2023. We obtained written representation from the Ministry that effective November 28, 2023, it has provided us with a complete update of the status of the recommendations we made in the original review two years ago.

## Detailed Review Observations

### 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.*

**Status: Fully implemented.**

### Details

In our 2021 review, we found that the Ministry’s illustrative note disclosures guidance did not provide school boards with financial statement templates

such as the consolidated statements of financial position, operations, change in net debt and cash flows. School boards may use different terms to describe the same sources of revenues or expenses, thus reducing their comparability.

In our follow-up, we found that the Ministry updated its illustrative note disclosures guidance to include sample consolidated statements of financial position, operations, change in net debt and cash flows. The Ministry communicated the requirement to follow this guidance as part of its training sessions held with school boards in September 2022.

## Inadequate Education Property Tax Disclosure

### 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 Grants for Student Needs (GSN).*

**Status: Fully implemented.**

### Details

In our 2021 review, we found that disclosure of education property taxes was limited in the Ministry's illustrative school board financial statement note disclosures and did not clearly describe the education property tax arrangement in Ontario. We also found no discussion of how property tax revenues were generated or how they fit into the Grants for Student Needs (GSN) funding formula in the financial statements of 13 school boards in 2019/20 (14 in 2018/19).

In our follow-up, we found that the Ministry revised its illustrative school board financial statement note disclosures to explain that:

- the GSN is composed of provincial legislative grants and local taxation in the form of education property tax;

- municipalities collect and remit education property taxes to school boards in their region on behalf of the Province; and
- the Ministry provides school boards with additional funding, up to the level set by the GSN funding formulas.

### 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.*

**Status: Fully implemented.**

### Details

In our 2021 review, we found that, of the 82 school boards in Ontario, 34 school boards did not separately disclose the amount of property tax revenue recognized and received in 2018/19 and 2019/20. Instead of separately disclosing the amount of property tax revenue on the statement of operations, or in the notes to the financial statements, school boards recorded education property taxes as part of provincial grants. Without a separate disclosure, taxpayers could not easily determine how much of their education property tax payments contributed to the total funding of their school board.

In our follow-up, we found that the Ministry revised its illustrative financial statements for the statement of operations to add a separate line item under GSN revenues to disclose property taxes. In addition, the Ministry amended the illustrative note disclosure for the property tax accounting policy to clarify that tax revenue received from municipalities is recorded as part of the GSN.

### 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.*

**Status:** Fully implemented.

### Details

In our 2021 review, we found that school boards did not consistently use the same terminology when referring to property tax revenue in the statement of operations and financial statement note disclosures. For example, five school boards referred to property tax revenue as a “municipal grant,” which is contradictory to the underlying source of this tax stream since the rate is set by the Province.

In our follow-up, we found that the Ministry revised its illustrative note disclosures and directed school boards to use “education property tax” as the single financial statement line-item description for property tax revenues. In addition, the Ministry now requires school boards to use education property tax to describe property tax revenues in their note disclosures as on the face of their financial statements.

## Use of a Legislated Accounting Framework Reduces the Comparability and Understandability of School Board Financial Statements

### 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.*

**Status:** Little or no progress.

### Details

In our 2021 review, we found that Ontario school board financial statements state that they are prepared in accordance with a special legislated accounting framework instead of Canadian PSAS as the basis for their accounting. Under this legislative accounting framework, school boards are required to record the funding that they received to acquire or construct capital assets in revenue over the life of the asset, rather than at the time they received the funding. Amounts not yet recognized in revenue are recorded as a liability (also known as “deferred capital contributions”).

In our follow-up, we found that the Ministry had not made any progress in replacing the reference to the legislative accounting framework in its illustrative note disclosures due to concerns raised by some school board auditors. The Ministry is working with school board auditors to address their concerns and continues to work toward the implementation of this recommendation by August 31, 2025.

## Financial Statements of 18 School Boards Received Qualified Opinions, Diminishing Their Reliability and Usefulness

### 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 school boards to receive unqualified audit opinions.*

**Status:** In the process of being implemented by December 2024.

## Details

In our 2021 review, we found that 16 school boards received qualified audit opinions on their financial statements in 2019/20 (18 in 2018/19). The auditors of these school boards were unable to conclude whether revenue from fundraising activities was complete (that is, whether all school-generated funds were reported on the financial statements), since the school boards' documentation and controls over their fundraising activities were limited, especially in the case of cash fundraisers.

In our follow-up, we found that, in November 2022, the Ministry established a working group composed of Ministry staff and school board representatives. The aim of the group was to gain an understanding of current practices and controls over school fundraising activities, and their resulting impact on the audits of school board financial statements.

In January 2023, the Ministry held meetings with school boards that had received qualified opinions to discuss their school fundraising practices, understand their auditors' rationale for issuing a qualified opinion, and identify cost-effective solutions that school boards should implement to enable them to receive unqualified opinions.

Six of the 16 affected school boards have received an unqualified opinion for their 2021/22 fiscal year financial statements. From March 2023 to September 2023, the Ministry held further meetings with the remaining school boards to facilitate discussions and identify solutions for their 2022/23 fiscal year financial statements. The Ministry indicated that these school boards may require additional time for implementation of some of the identified solutions, such as the use of online donation tools, which could delay full implementation of this recommendation until the 2023/24 fiscal year. Further, the Ministry will review these school boards' 2023/24 fiscal year financial statements in December 2024 to assess their progress in receiving an unqualified opinion from their auditors.

## Some School Boards Lacked Evidence of Board Approval and Management's Statement of Responsibility

### 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.*

**Status: Fully implemented.**

### Details

In our 2021 review, we found that the audited financial statements of 10 school boards for 2019/20 (five for 2018/19) did not include a signed statement of management's responsibility. Canadian PSAS require audited financial statements to be accompanied by a formal acknowledgement of management's responsibility for the preparation of the financial statements in accordance with the applicable accounting framework, and their approval by the appropriate minister or elected official (for example, school trustee).

In our follow-up, we found that the Ministry directed school boards to append a signed statement of management responsibility to all audited financial statements currently published on school board websites, as well as for all future financial statements. Although the Ministry included this direction in its annual financial statement instructions to school boards for the 2021/22 fiscal year, we found that four of the 10 school boards did not append a signed statement of management responsibility in their 2021/22 audited financial statements. The Ministry has followed up with these four school boards to resolve this issue for their 2022/23 fiscal year financial statements.

### 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.*

**Status: Fully implemented.**

#### Details

In our 2021 review, we found that 17 school boards were missing board signatures in their 2019/20 financial statements (14 for 2018/19).

In our follow-up, we found that the Ministry updated its annual financial statement instructions to school boards for fiscal year 2021/22 to require school boards to include board signatures on the face of the financial statements as evidence of board approval. However, we found that seven of the 17 school boards did not have board signatures on their 2021/22 financial statements. In addition, one school board did not publish its 2021/22 fiscal year financial statements at all. The Ministry has followed up with these eight school boards to resolve this issue for their 2022/23 fiscal year financial statements.

## School Boards Incorrectly and Inconsistently Account for Transportation Partnerships

### 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 proportionate consolidation accounting policy for the accounting of school boards' transportation partnerships in accordance with Canadian PSAS.*

**Status: Fully implemented.**

#### Details

In our 2021 review, we found that of the 71 school boards that are party to transportation partnership agreements, nine incorrectly accounted for their

interest in their 2019/20 financial statements (nine in 2018/19). Furthermore, 16 school boards in six transportation partnerships applied different accounting policies for reporting the financial results of the same partnership in 2019/20 (16 in 2018/19).

In our follow-up, we found that the Ministry developed and implemented a standardized proportionate consolidation accounting policy for the accounting of school boards' transportation partnerships. The Ministry communicated this accounting policy in its illustrative note disclosures and training materials, and shared the policy with school boards in September 2022.

However, we found, during our follow-up work, that seven of the nine school boards were still incorrectly accounting for their transportation partnership interest in their 2021/22 audited financial statements. In addition, 12 of the 16 school boards in four transportation partnerships continued to apply different accounting policies for reporting the financial results of the same partnership in 2021/22. The Ministry committed to following up with these school boards.

### 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.*

**Status: Fully implemented.**

#### Details

In our 2021 review, we found that of the 71 school boards that are party to transportation partnership agreements, 36 school board financial statements did not disclose all information required under Canadian PSAS about the agreement. This omission of information prevents users from properly evaluating the

financial impact on school boards of the transportation partnerships, particularly considering that the financial statements for most consortia are not publicly available.

In our follow-up, we found that the Ministry updated its illustrative note disclosures to include a list of the transportation consortium partner names. The updated disclosures require school boards to disclose the names of the transportation consortium partners, and provide condensed financial information for the partnership in the notes to their consolidated financial statements. In addition, the Ministry communicated these new requirements in training materials that it shared with school boards in September 2022.

## Insufficient Note Disclosure on Debt, Investments and Related Party Transactions

### 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.*

**Status: Fully implemented.**

### Details

In our 2021 review, we found that of the 82 school boards in Ontario, 27 did not include sufficient disclosures in their 2019/20 financial statements (27 in 2018/19) to enable users to evaluate the nature of long-term debt held, and eight (eight in 2018/19) did not disclose details on the nature of the investments they held.

In our follow-up, we found that the Ministry updated its illustrative note disclosure for investments to include details about the type of investments. In addition, the Ministry updated its illustrative note

disclosure for debt to include the names of lenders. These updates were included in the Ministry's illustrative note disclosures, which were communicated to school boards in September 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 related party as described in the Ministry's illustrative guidance.*

**Status: Fully implemented.**

### Details

In our 2021 review, we found that of the 82 school boards in Ontario, 26 (2019/20) school board financial statements (26 in 2018/19) did not meet the related party disclosure requirements under Canadian PSAS, by failing to disclose their relationship with other provincially controlled entities such as the Ontario Financing Authority.

In our follow-up, we found that the Ministry directed school boards to disclose transactions with the Ontario Financing Authority as a related party in its illustrative note disclosures. In addition, the Ministry highlighted this requirement in training materials that it shared with school boards in September 2022.

### 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.*

**Status: Fully implemented.**

### Details

In our 2021 review, we found that most school boards did not disclose the adoption of the new PS 3430, *Restructuring Transactions* standard, in their 2018/19 statements. In addition, 69 of the 2017/18 school board financial statements did not disclose the adoption of

the then-new PS 2200, *Related Party Disclosures* standard, even though the Ministry provided a sample note for this standard in its illustrative note disclosure for the 2017/18 year-end.

In our follow-up, we found that the Ministry expanded its illustrative note disclosures to include a note that outlines the future adoption of newly issued Canadian PSAS standards that are expected to apply to school boards. For example, this new note included the adoption of PS 3400, *Revenues*, PS 3160, *Public Private Partnerships*, and Public Sector Guideline 8, *Purchased Intangibles*, which are effective for school boards' 2023/24 fiscal year financial statements.

## Timeliness of School Board Financial Statements

### 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.*

**Status:** Fully implemented.

### Details

In our 2021 review, we found that the 2018/19 audited financial statements for 15 school boards were not posted by the Broader Public Sector (BPS) Business Documents Directive deadline (i.e., six months after year-end). Similarly, the 2019/20 audited financial statements for 15 school boards were not posted on the school board website by the March 1, 2021, deadline in accordance with the *Education Act*.

In our follow-up, we found that, in September 2022, the Ministry communicated the publishing deadlines—under the *Education Act* and the BPS Business Documents Directive—for school boards' audited financial statements in its annual financial statement instructions to school boards. In addition, the Ministry published a central listing of school boards' and school authorities' audited financial statements on its website in July 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;*

**Status:** Little or no progress.

### Details

In our 2021 review, we found that in 2019/20, audit opinions for 21 school boards (20 school boards in 2018/19) were dated after the Ministry's internal deadline for submission of audited financial statements. In addition, audit opinions for three school boards were dated after the February 28, 2020, deadline set by the Province, without having received a deadline extension from the Ministry.

In our follow-up, we found that the Ministry has not engaged school boards that historically missed financial statement deadlines to develop and implement a plan to comply with its reporting deadlines.

- *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.*

**Status:** Fully implemented.

## Details

In our 2021 review, we found that in 2019/20, audit opinions for 21 school boards (20 school boards in 2018/19) were dated after the Ministry's internal deadline for submission of audited financial statements. In addition, audit opinions for three school boards were dated after the February 28, 2020, deadline set by the Province, without having received a deadline extension from the Ministry.

In our follow-up, we found that, beginning in November 2022, the Ministry developed and implemented a new process to monitor and follow up with school boards that miss the deadline for submitting their audited financial statements. In addition, the Ministry now maintains a log that it uses to track the timeliness of the submission of school board financial statements against its internal deadline. We found that the Ministry followed up with school boards that missed the Ministry's internal deadline to submit their 2021/22 fiscal year financial statements.

## Ontario School Boards' Insurance Exchange Is Accounted for Incorrectly and Corresponding Disclosures Are Incomplete

### 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.*

**Status:** In the process of being implemented by March 2025.

## Details

In our 2021 review, we found that the financial results of the Ontario School Boards' Insurance Exchange (OSBIE) were not included in the Province's consolidated financial statements, even though Ontario school boards, which are consolidated, collectively control OSBIE.

In our report on the Public Accounts of the Province of Ontario, which forms part of our *2022 Annual Report*, we highlighted the anticipated consolidation of OSBIE into the Province's consolidated financial statements for the year ended March 31, 2023, with agreement on this overall consolidation by the Office of the Provincial Controller Division (Treasury Board Secretariat) and the Ministry of Finance. We also received commitment on this consolidation from the Comptroller General and the President of the Treasury Board, the Deputy Minister of Finance and the Minister of Finance.

At the time of our follow-up, we noted that the Province did not consolidate OSBIE's financial results in its consolidated financial statements for the year ended March 31, 2023. Based on our discussions with the Ministry, the financial information to enable the consolidation of OSBIE by school boards, and ultimately the Province, is not yet available. The Ministry is working with OSBIE to supply the financial information for school boards to proportionately consolidate their share of OSBIE's results as part of their 2023/24 fiscal year financial statements, which will be reported in the consolidated financial statements of the Province for the year ended March 31, 2025.

### 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.*

**Status:** In the process of being implemented by August 2024.

## Details

In our 2021 review, we found that the school boards' disclosures lacked sufficient information for users to understand how the school board's financial statements account for OSBIE, and/or the school board's share of the risks and benefits associated with OSBIE's operations.

In our follow-up, we found that the Ministry revised its illustrative note disclosures to include the nature and amount of transactions between the school board and OSBIE, which primarily comprise the payment or refund of insurance premiums. The note disclosures also require school boards to include a condensed version of OSBIE's financial position and results. Further, the Ministry has stipulated that school boards should consolidate their proportionate share of OSBIE's assets, liabilities, revenues and expenses.

We noted that the Ministry has not reached an understanding with school boards and OSBIE on how to calculate each school board's proportionate share of OSBIE. In addition, as mentioned in **Recommendation 16**, the Ministry is in the process of working with OSBIE to obtain the necessary financial information to enable school boards to consolidate their proportionate share of OSBIE. As a result, until these issues are resolved, the Ministry has deferred the requirement for school boards to adopt its revised note disclosure until August 2024.