



# School Boards Financial Reporting 2021 Value-for-Money Review

## Why we did this review

- Vague and inconsistent disclosure can hinder readers and users of local school board financial statements from being properly informed.
- Reviewing all school board financial statements provides a unique perspective, since it is the responsibility of school boards to prepare their financial statements.

## Why it matters

- Improving the presentation and disclosure of school board financial statements enhances their usefulness to decision-makers, community stakeholders, and other financial statement users.
- To comply with Canadian Public Sector Accounting Standards (PSAS), school board financial statements should be relevant, reliable, comparable, timely, understandable and clearly presented.

## What we found

### Different Accounting Framework for School Board Financial Statements

- Ontario school boards' financial statements are prepared using a special legislated framework instead of Canadian PSAS.
- This may create the perception that they are not comparable to school boards in other Canadian jurisdiction or to broader public sector entities in Ontario.

#### RECOMMENDATION 5

### Property Tax Info Unclear, Inconsistent

- Disclosure of the nature of the education property tax revenue stream was limited and did not clearly describe the education property tax arrangement in Ontario.

#### RECOMMENDATIONS 2-4

### Opportunities for Improvement in Accounting for Debt, Investments, Related Parties; Lack of Timeliness of Financial Statement Publication; Qualified Audit Opinions Received by some School Boards

- In the 2018/19 and 2019/20 reporting periods:
  - 18 school boards (16 in 2019/20) received a qualified opinion, as their auditors were unable to conclude whether revenue from fundraising activities totaling \$31.4 million (\$16.2 million in 2019/20) was complete.
  - 14 school boards (17 in 2019/20) did not include board sign-off in their published financial statements.
  - 27 school board financial statements (27 in 2019/20) did not include sufficient disclosures to enable readers to evaluate long-term debt held.
  - Eight school board financial statements (eight in 2019/20) did not disclose details on the nature of investments held by the school board.
  - 26 school board financial statements (26 in 2019/20) 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.
  - 15 school boards (15 in 2019/20) did not publish their financial statements on their websites by the required deadline under the Broader Public Sector Business Documents Directive.

#### RECOMMENDATION 6, 8, 11, 12, 14

**Insurance Entity  
Collectively Controlled  
by School Boards  
Not Consolidated in  
Statements**

- The Province does not consolidate the Ontario School Board Insurance Exchange (OSBIE).
- OSBIE reported net assets of \$128 million in its standalone financial statements as at December 31, 2020, and is collectively controlled by 79 Ontario school boards.

**RECOMMENDATIONS 16–17**

**Conclusions**

- School board financial statements are being prepared in accordance with Canadian PSAS even though the accounting framework disclosed in their financial statements does not reflect this.
- Referencing a legislated accounting framework reduces the perceived comparability of school board financial statements to other public sector entities and Canadian jurisdictions, and can confuse some users.
- There are opportunities to improve the information contained in school board financial statements to better serve the needs of decision-makers and other financial statement users.

Read the report at [www.auditor.on.ca](http://www.auditor.on.ca)