



**Policy 4.03**

**Category: Business Administration**

**Financial Accountability and Audit**

**BACKGROUND**

The government of Alberta has responded to public interest in the financial accountability of school authorities for tax dollars spent on education. For each fiscal year, school authorities prepare and submit a Budget Report and Audited Financial Statements to Alberta Education. Alberta Education monitors the budgets and audited financial statements provided by school authorities to ensure consistent, uniform and comparable financial information as well as to ensure compliance with provincial legislation, regulations, and requirements.

All Alberta school authorities are required to appoint a qualified and independent external auditor. This auditor has statutory authority to access all books, records, documents and other information considered necessary to render an opinion on whether a school authority's annual financial statements are materially correct and in accordance with Canadian Public Sector Accounting Standards. Each school authority is required to have its Annual Financial Statements submitted to Alberta Education, along with the auditor's report to these statements, and any written communication between the auditor and the board governing the school authority respecting systems of internal control and accounting procedures.

In addition, Alberta Education will provide copies of the Audited Financial Statements and related written communications between the auditor and the school board to the Auditor General as required by the *Government Accountability Act*. The Auditor General may directly request this documentation from a board and may require additional work at the expense and direction of the Auditor General.

The independent review and audit of a school authority's financial operations is essential for establishing credibility and financial accountability for tax dollars spent on education. Alberta Education monitors and evaluates the comparability of and financial risks related to school authority financial reporting.

The CAPE Charter Board believes that its financial affairs must be managed in a manner consistent with the trust placed in the CAPE Charter Board by all stakeholders. The professional review and audit of its financial operation is essential for establishing credibility and financial accountability for public money spent on education.

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**POLICY STATEMENT**

1. The CAPE Charter Board believes that adequate accounting records and procedures for verifying those records through audits are an integral part of the charter school's operations.

**DEFINITIONS**

2. **Monitor** - an instrument or device used for observing, checking, or keeping a continuous record of a process or quantity.
3. **Consistent** - acting or done in the same way over time, especially so as to be fair or accurate.
4. **Uniform** - not changing in form or character; remaining the same in all cases and at all times.
5. **Comparable** - being similar or about the same.
6. **Compliance** - the act of obeying an order, rule, or request.
7. **Legislation** - a law or set of laws made by a government.
8. **Regulation** - a rule or directive made and maintained by an authority.
9. **Requirement** - constraints, demands, necessities, needs, or parameters that must be met or satisfied, usually within a certain timeframe.
10. **School authority** - a body that is responsible for education in a particular area.
11. **Auditor** - a person appointed and authorized to examine accounts and accounting records, compare the charges with the vouchers, verify balance sheet and income items, and state the result.
12. **Statutory authority** - a body set up by law which is authorized to enact legislation on behalf of the relevant country or state.
13. **Materially correct** - the universally accepted accounting principle, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they are reasonably expected to influence the economic decisions of users based on the financial statements. Therefore, materially correct refers to statements that are accurate and true.
14. **Internal control** - the mechanisms, rules and procedures implemented by a company to ensure the integrity of financial and accounting information, promote accountability and prevent fraud.
15. **Credibility** - the quality of being trusted and believed in.
16. **Financial accountability** - responsibility for the way money is used and managed.

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**GUIDELINES**

17. The CAPE charter school's financial systems and records will be subject to an external audit.
18. The CAPE charter school accounts and accounting practices will be subject to internal and/or external audit at the discretion of the Secretary-Treasurer.
19. Accounting procedures will follow generally accepted accounting principles where these are not inconsistent with the requirements of Alberta Education.
20. The Superintendent will ensure that adequate control mechanisms are in place to guarantee the integrity of the CAPE charter school's financial transactions and records.
21. Financial records of the school-generated funds will be maintained in accordance with the format prescribed by the Secretary-Treasurer.
22. The CAPE School Council shall file an annual financial report of all School Council generated funds.
23. All banking shall be carried out at a recognized financial institution.
24. The CAPE Charter Board shall appoint an auditor for whatever term it determines.
  - 24.1 The appointment of an auditor shall be carried out only after a review of qualifications and of the audit fee structure. This appointment will be ratified at the CAPE AGM held each year.
  - 24.2 The auditor appointed shall be expected to perform those duties as specified in the School Act and regulations thereto, including submitting a report on the CAPE Charter Board's annual financial statement and submitting an annual management letter on financial procedures.
25. The auditor shall provide an opinion on the CAPE Charter Board's financial statements and that opinion shall be expressed in accordance with generally accepted accounting principles or other such audit procedures as prescribed by the Minister of Education.
26. The CAPE Charter Board Chair shall ensure that the auditor's report is submitted to the CAPE Charter Board at its regular meeting following receipt of that report.
27. The auditor shall send to the Minister of Education electronic and hard copies of the CAPE Charter Board's financial statements, the Auditors report, and a copy of the annual management letter evaluating financial procedures.

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**References:**

*Guide to Education*

*School Act*

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