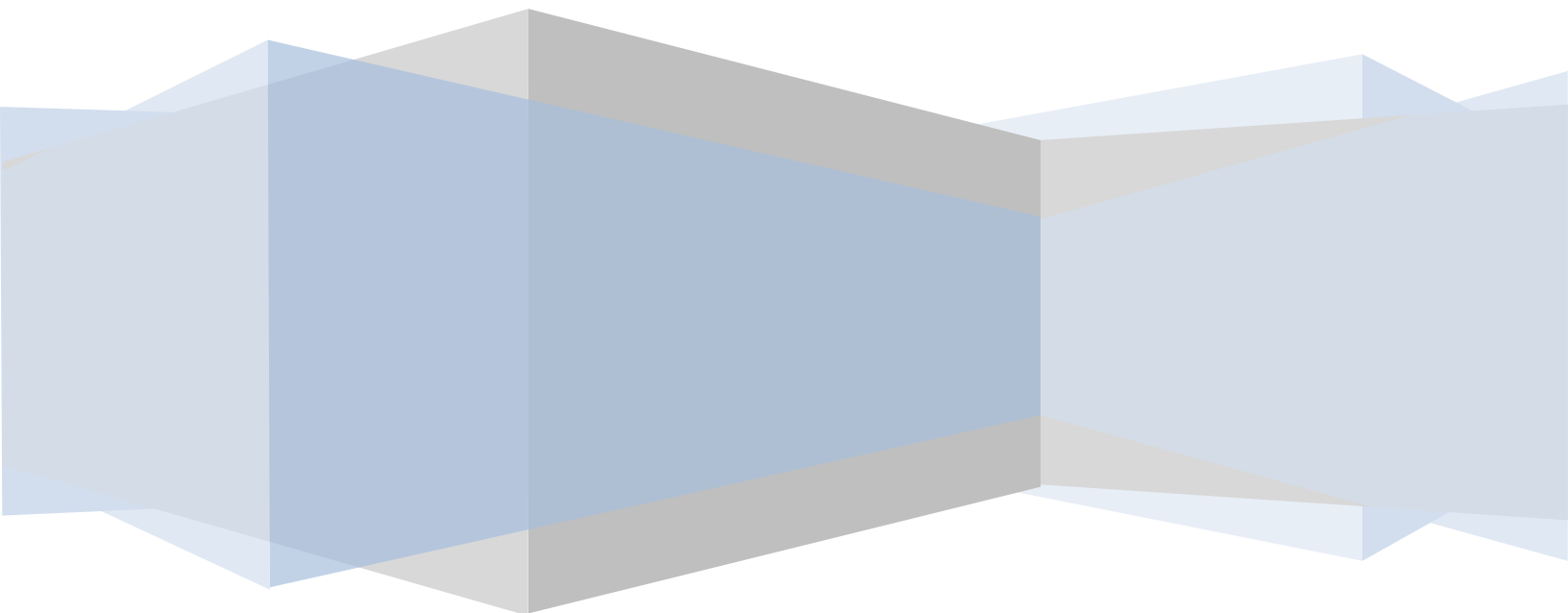




Northwest
Territories Education, Culture and Employment

Finance and Administration Manual for Education Authorities



PART 1

LEGISLATION AND GOVERNMENT POLICY

Introduction

This section identifies the various pieces of legislation and GNWT manuals that apply to education authority operations. The links provided throughout make it possible for you to access relevant manuals as required. GNWT statutes and legislation can be accessed at:

<http://www.justice.gov.nt.ca/Legislation/SearchLeg&Req.shtml>

The term “education authorities” used throughout this manual refers to the four Divisional Education Councils (DECs), the two Yellowknife District Education Authorities (DEAs), the Dettah District Education Authority, the Tłıchǫ Community Service Agency (TCSA) and the Commission scolaire francophone, Territoires du Nord-Ouest (CSFTNO) unless otherwise stipulated.

1-001

Outlines the legislated responsibilities that education authorities must comply with.

1-002

Summarizes key sections of the Financial Administration Manual (FAM) as they apply to education authorities.

1-003

Lists sections of the Human Resource Manual that govern education authority dealings with employees.

1-004

Contains a brief overview of GNWT policies that affect education authority operations.

**Finance and Administration Manual for Education Authorities
(FAMEA)**

Revised July 2009

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1-001 Legislated Responsibilities

Education authorities must follow GNWT acts and related regulations, including the *Financial Administration Act* (FAA) and the *Education Act*. All education authorities shall comply with the following acts, regulations and policies.

1-001.1 Financial Administration Act

The FAA outlines the financial authorities and responsibilities of education authorities in relation to the GNWT. The *Act* ensures that education authorities are accountable for public monies they administer and that funds are used in the best interest of the NWT.

Education authorities should be familiar with the FAA, in particular PART IX, PUBLIC AGENCIES (sections 75-100) that defines the accountability, authorities and responsibilities of public agencies. The FAA can be viewed at:

http://www.justice.gov.nt.ca/PDF/ACTS/Financial_Admin.pdf

1-001.2 Education Act and Regulations

The *Education Act* is the primary legislation for education authorities as it defines all types of education authorities, outlining their roles and responsibilities. The *Act* further specifies that the secretaries/treasurers of district education authorities must be bonded. Section 118(2) h provides full information on the powers of education bodies.

Education authorities should familiarize themselves with the *Education Act* and related Regulations. The legislation is reviewed on a regular basis. Comments and/or recommendations are welcome and should be directed to the Strategic and Business Services (SBS) Division, Department of Education, Culture and Employment (ECE).

1-001.3 Other Relevant Legislation

Education authorities must also be familiar with the following Acts that have a bearing on education authority administration:

- Access to Information and Protection of Privacy
- Conflict of Interest
- Labour Standards
- NWT Teachers' Association
- Payroll Tax

Legislated Responsibilities

- Child and Family Services
- Child Day Care
- Fair Practices
- Local Authorities Elections
- Official Languages
- Workers Compensation
- Public Health
- Public Service
- Student Financial Assistance
- Safety
- Union of Northern Workers

The above Acts can be found in both PDF and WordPerfect format under Statutes and Regulations of the Northwest Territories in the Legislation section of the Department of Justice web site at:

<http://www.justice.gov.nt.ca/Legislation/SearchLeg&Reg.shtml>

1-001.4 GNWT Policy and Procedures Manuals

Each Act is administered by a government department. Formal government policies and directives specify a course of action to be followed in a specific area. They are binding on the GNWT, its agencies and employees.

The following three manuals apply throughout government:

Financial Administration Manual (FAM)

<http://www.fin.gov.nt.ca/FAMWeb/index.html>

Human Resource Manual

<http://www.hr.gov.nt.ca/policy/hrm/>

Government of the NWT Policies (GNWT Policies)

<http://www.gov.nt.ca/publications/policies/index.htm>

Education authorities must be familiar with these three manuals. Please consult the above web-links on a regular basis to access the most current versions.

Education authority fiscal policies must be consistent with government policy. Moreover, duties of the Deputy Minister should be interpreted as duties of each Education Authority Superintendent.

1-001.5 Departmental Directives

While this manual focuses on the financial administration of education authorities, there are also a wide range of ECE directives that pertain to K-12 education and schooling. The directives are signed by the Minister of Education, Culture and Employment and as such, are binding on education authorities. New education authority managers are urged to familiarise themselves with all these directives, especially requirements outlined therein.

Departmental directives are listed below (directives that encompass financial obligations and referenced elsewhere in this manual indicated in bold):

- Aboriginal Language and Culture-Based Education
- Career Development Across the Lifespan
- Community Senior Secondary Schooling
- Criminal Record Checks on Recertification
- Dealing with Child Abuse
- Enrolment of Students in French First Language Schools
- Home Schooling
- Inclusive Schooling
- Magnet Facilities
- Management of Student Information
- Preparation of School Year Calendar
- Private Schooling
- Recruitment of Teaching Personnel
- Religious Instruction in Public Schools
- School Fees for Rights Holders
- Standardized Testing
- Start and End Times for Teachers
- Student Assessment, Evaluation and Reporting
- Teacher Growth and Evaluation
- Use of Education Facilities

1-002 GNWT Financial Administration Manual (FAM)

The GNWT Financial Administration Manual (FAM) contains directives issued by the Financial Management Board (FMB) and the Comptroller General.

Every education authority administrator must be familiar with the FAM, in particular the following sections:

- | | | |
|-------------|---|---|
| 1702 | Recording Transactions | Directives on accounting principles and classification of expenditures by vote. All expenditures must be included in the applicable accounting period. Accounting records must be correct and kept up to date. |
| 2303 | Accounting for Inventories | General principles of accounting for inventories and directives on inventories in general, warehousing, disposal and deletion or write-off. |
| 2301 | Controllable Assets | A controllable item is defined in this section. Included is a directive on accounting for controllable items. |
| 1701 | Appropriation and Commitment Control | Public funds must be accounted for under a system called encumbrance accounting. When an education authority commits to purchasing goods or services, they must charge the cost of the goods or services to the appropriate account. The education authority may not yet have received the items, but items must still appear as an entry against their budget. |

The commitment is discharged when the education authority pays for goods or services. A de-commitment, i.e. commitment adjustment, may be necessary if goods or services cost less than the amount committed.

At year-end the education authority must carry forward any commitments not yet discharged. Part of the year-end procedure eliminates all commitments. Commitments that span year-end must be re-entered manually and taken into consideration in the new fiscal year. Otherwise, the education authority may find it has insufficient funds to pay for goods or services that were ordered the year before.

- 1802 Signing Authorities** Education authorities must develop their own guidelines and spending limits for internal expenditure and accounting authorities as defined in the FAM.
- All expenditure authority comes from the education authority, which sets spending limits for senior officers. Expenditure authority should reside with program managers, while accounting authority should reside with the chief financial officer (CFO). If the CFO is not available and no other senior financial staff are in the office, the superintendent should be given accounting authority. Care should be taken to maintain a separation of duties; i.e. the Superintendent shall not authorize payment on purchases s/he approved.
- 3301 Government Contracts** All contracts procured must be in accordance with the FAM. Directives outline both general and specific contract requirements. Rating systems for tenders and proposals, ministerial delegation of authority and standing offer agreements are explained.
- Government Contract Regulations (Appendix A of FAM) identify who may enter into contracts and the processes for doing so. Cabinet has delegated authority for contracting and purchasing to education councils and authorities. Each education authority superintendent is considered the deputy head official.
- 1818, 2004 Honorariums Hospitality** Honorariums paid to members shall be no higher than the rates in FAM Directive 1818. Allowable hospitality expenses are covered in section 2004 entitled *Extending & Accepting Hospitality, Gifts & Other Benefits*.

GNWT Financial Administration Manual

1808	Credit card and Charge Account Expenditures	<p>Credit cards and charge account numbers are to be assigned, used and controlled in accordance with this directive.</p> <p>GNWT travel credit cards and GNWT travel charge account numbers may only be used in duty travel, which is described in Directive 2001.</p>
3307	Aircraft Chartering	<p>Provisions of this directive control the charter of aircraft, including financial signing and contract authority, and sharing of air charters. Guidelines to minimize costs are also provided.</p>
2001	Duty travel	<p>Provides information regarding authorization of duty travel, including commercial and private transportation, accommodation, meals, incidentals and other expenses. Also covered are travel advances, overtime pay for travel, special travel situations and expense claims.</p> <p>The superintendent acts as deputy head in approving travel and the education authority chairperson approves the director's duty travel.</p>
1811, 1812	Insurance Damage Claims	<p>Damage claims for both students and employees, as well as damage claims incurred during work experience. The GNWT's insurance policy covers all education authorities except the two Yellowknife DEAs.</p>
4101, 2702	Loss of cash or other assets, write-off, forgiveness	<p>Loss of cash or other assets where an offence has occurred or where a loss of public assets held in trust has occurred. Also covered are write-offs, loss of cash or other assets due to robbery and forgiveness of debt.</p>

Important note: the above summary of FAM directives is provided as a quick reference to go along with, rather than replace the detailed directives that constitute FAM. **In all circumstances, the instructions in FAM prevail.** A complete listing of FAM sections can be found on the Department of Finance website at:

<http://www.fin.gov.nt.ca/FAMWeb/index.html>

1-003 Human Resource Manual

Administrators should be very familiar with the Human Resource Manual as it governs education authority dealings with employees. The manual includes sections on ethics, job evaluation, hiring processes, salary administration, union management relations, termination of employment, long service awards, etc. All sections of the manual apply to public servants except where other groups are specifically mentioned.

Sections that are particularly pertinent to education authorities include those on teacher recruitment, re-evaluation of an education assistant position into a language or cultural specialist position, and those on NWTTA and UNW bargaining units.

With the exception of superintendents and employees of the two Yellowknife school districts, all employees must be hired within the public service. All hiring practices used must be consistent with public service processes. Finally, all payments to staff must be in accordance with the pay grids outlined in the applicable collective agreement.

The Human Resource Manual in its entirety can be found at:

<http://www.hr.gov.nt.ca/policy/hrm/>

Other Human Resources' policies, guidelines, agreements and legislation can be found at:

<http://www.hr.gov.nt.ca/policy/>

1-004 GNWT Policies

A number of GNWT policies affect education authority operations. A brief overview of four of these policies is provided below.

1-004.1 Staff Retention Policy

The GNWT values its public servants and the work they do. The Government is committed to the retention, retraining and development of existing staff as may be required to provide job security, career development and to maintain a skilled, stable and competent public service. The Staff Retention Policy constitutes section 1602 of the Human Resources Manual. Its application is guided by the following:

- the provision of reasonable job security to members of the public service;
- the need to mitigate adverse effects of organizational restructuring through the retention, retraining and development of staff wherever possible;
- fair treatment of employees when organizational restructuring is necessary; and
- the value of employee continuity for the GNWT.

<http://www.hr.gov.nt.ca/policy/documents/1602StaffRetention.pdf>

1-004.2 Workplace Conflict Resolution Policy

The GNWT established the Workplace Conflict Resolution Policy in November 2000. The policy outlines the GNWT commitment to provide a workplace where all individuals are treated with fairness, dignity and respect. The policy also specifies processes and procedures that are to be followed to resolve conflict. Education authorities should have corresponding policies in place.

<http://www.hr.gov.nt.ca/policy/documents/Workplaceconflictresolutionpolicy.pdf>

1-004.3 Affirmative Action Policy

The Affirmative Action Policy is Policy 14.03 in the GNWT Policies Manual. The Affirmative Action Policy is designed to achieve equality in employment and career development for qualified, suitable and eligible target groups or individuals. These target groups include indigenous Aboriginal persons, resident women, resident disabled persons and indigenous non-Aboriginal persons.

All government positions are subject to the Affirmative Action Policy. Education authorities should have corresponding policies in place.

The policy can be found in the Publications section of the GNWT website at:

[http://www.gov.nt.ca/publications/policies/HR/Affirmative_Action_\(11.79\).pdf](http://www.gov.nt.ca/publications/policies/HR/Affirmative_Action_(11.79).pdf)

1-004.4 Business Incentive Policy (BIP)

The Business Incentive Policy (BIP) is Policy 63.02 in the GNWT Policies Manual. Under this policy Northern bids for competitive contracts are adjusted by a fixed percentage before the education authority evaluates tenders. All education authorities must follow the BIP, which provides incentives to Northern business within the following government objectives:

- To promote the hiring of Northern labour
- To promote the purchase of materials in the North
- To encourage the development and competitiveness of Northern business

The method and amount of incentive depend upon the amount of the contract or purchase. Adjustments described in the BIP are applied only to those parts of a bid that are identified as being carried out by Northern contractors.

Goods under \$5,000

- Departments and agencies shall purchase goods valued less than \$5,000 directly from Northern contractors. No discount is applied.

Bid adjustment

- To provide the business incentive, a fixed percentage is applied to the bid before comparison of tenders. The adjustment amount depends on the tendered price.

Full information on the BIP can be found on the Department of Industry, Tourism and Investment section of the GNWT website at:

<http://www.iti.gov.nt.ca/iea/bip/index.htm>

PART 2

DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT

Introduction

This section is designed to clarify the relationship between the Department of Education, Culture and Employment (ECE), education councils and authorities.

The term “education authorities” used throughout this manual refers to the four Divisional Education Councils (DECs), the two Yellowknife District Education Authorities (DEAs), the Dettah District Education Authority, the Tłıchǫ Community Service Agency (TCSA) and the Commission scolaire francophone, Territoires du Nord-Ouest (CSFTNO) unless otherwise stipulated.

2-001

Outlines how the Department is organized and identifies key education authority contact positions in the ECE Strategic and Business Services Division.

2-002

Outlines the ECE financial cycle and how it links with the overall government cycle.

2-003

Describes the reporting requirements that education authorities must comply with.

2-004

Lays out the School Funding Framework, including the funding formula and correct enrolment data collection procedures.

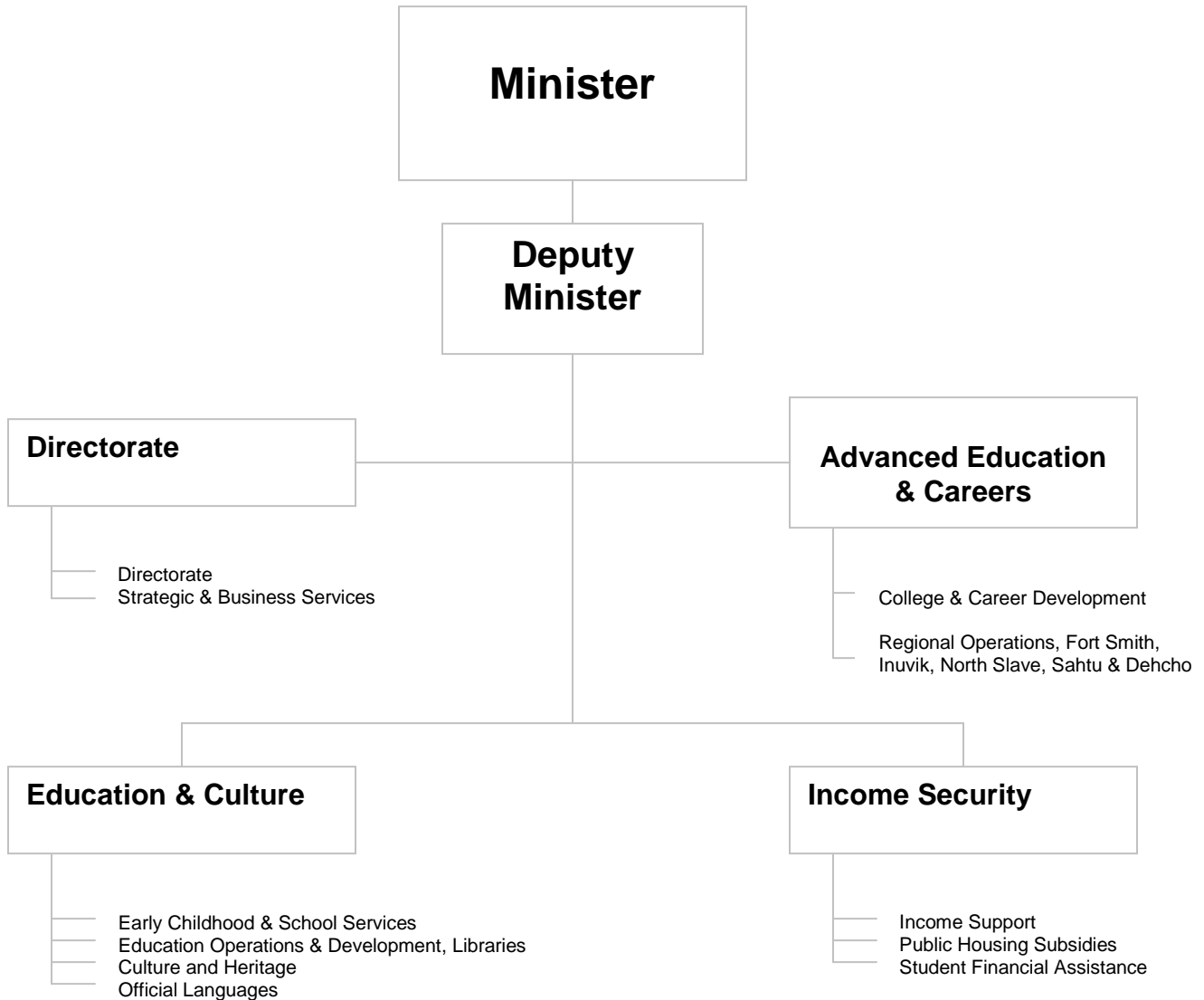
2-005

Lays out standards and criteria for capital projects in support of departmental programs and services.

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2-001 Organization and Contact Positions

Education, Culture & Employment



2-001.1 Key Contact Positions in Strategic and Business Services

Comptrollers are those most likely to be in regular contact with the Strategic and Business Services (SBS). Key SBS contact positions and their responsibilities are described below. (Note that specified positions will be listed as contacts as may be required throughout this manual).

Manager, Board and Corporate Services

Administers contribution payments to education authorities, private schools, Aurora College and other education agencies. The Manager provides administrative support for the development and maintenance of funding formulas. The Manager also advises education authorities on required financial reporting systems.

Financial Analyst, Board and Corporate Service

Prepares contribution payments to education bodies. The Financial Analyst prepares FMB submissions, collects and analyzes expenses, provides advice and assistance to education authorities and Aurora College. The Financial Analyst supports education authorities in the operation of the standardized accounting system.

Director, Strategic and Business Services

Responsible for the Department's financial, policy, information system and administrative functions.

A complete listing of ECE positions can be found in the online Government Phone Directory at:

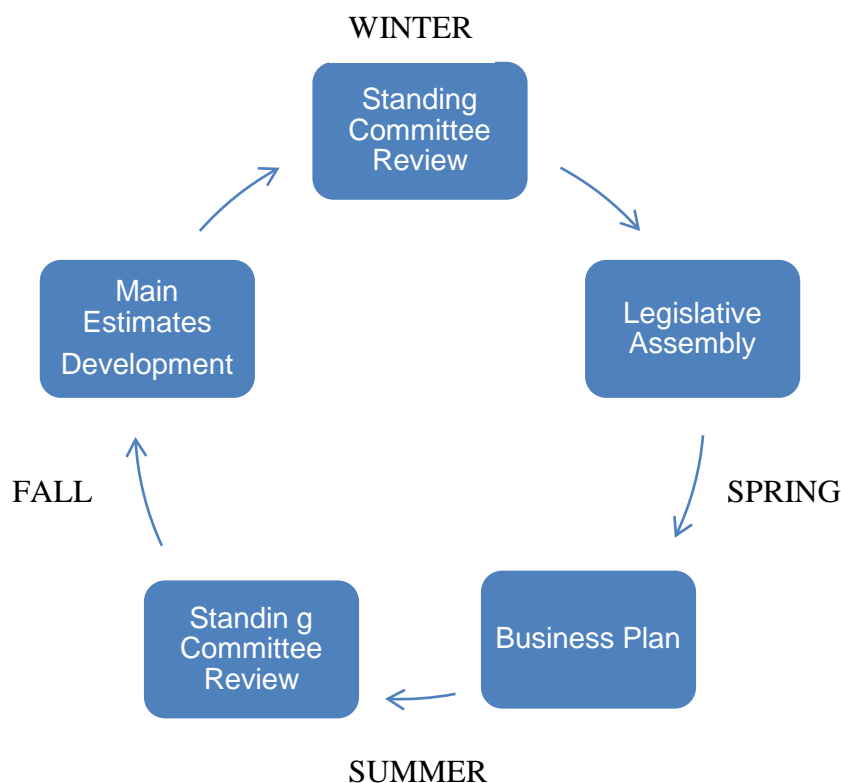
<http://directory.gov.nt.ca/utility/directory/index.html>

2-002 GNWT Financial Budget Development Cycle Overview

Most education authorities are financed primarily by ECE. The timeframe for determining the school contribution budget is based on the GNWT planning and budgeting cycle. The GNWT fiscal year runs from April 1st through March 31st.

Departmental multi-year Business Plans are prepared in spring and summer. Business Plans are submitted to the FMB and Cabinet before being referred to Legislative Assembly Standing Committees for review. The Government takes Standing Committee comments and recommendations into consideration when finalizing Business Plans and preparing the Main Estimates.

Typical Operating Budget Development Cycle



The long-range budget-planning document, the Business Plan, is prepared annually for implementation in the following fiscal year and covers a four-year period. The Business Plan identifies key strategies to be implemented by each department toward achieving its goals. Specific outcome measures and targets to be achieved for each departmental objective are also provided.

The Financial Management Board Handbook contains a more detailed description of the Government planning and budgeting process. It can be found on the GNWT website at:

<http://www.fin.gov.nt.ca/documents/manuals-handbooks/fmbhandbook.pdf>

2-003 Financial Reporting Requirements

Education authorities are required to submit the following reports to the Department of Education, Culture and Employment:

<u>Reporting Requirement</u>	<u>Date Due</u>
Annual Budget	June 30
Interim Financial Report	November 30
Community Report (Geographic Tracking)	October 30
Utility Details by Facility	October 30
Special Program Reports	As specified in directives/ agreements
Statement of Infrastructure	May 1
Annual Report and Financial Statements	September 28

Monthly contributions to education authorities are issued upon receipt of the various education authority reports. If an education authority is late in submitting any one or more of its reports, this will result in delayed contributions. Extensions will only be granted in exceptional cases.

2-003.1 Annual Budget

Responsibility for developing annual budgets is set out in the *Education Act* (sections 117(2) k, l, and m), which can be accessed through the following link:

<http://www.justice.gov.nt.ca/PDF/ACTS/Education.pdf>

The annual budget is based on anticipated revenue, and estimated spending, in the delivery of school programs for the fiscal year. For the majority of education authorities, the fiscal year runs from July 1st to June 30th.

An education authority must develop a budget that is submitted for review and approval at a trustee meeting. The annual budget in the required format must then be submitted to the Minister by June 30 each year. This date fits in well with the July 1st beginning of the education authority fiscal year, allowing the first contribution payment to be made.

Any changes to the budget during the year must be formally approved by the education authority and recorded in trustee meeting minutes. If a budget adjustment changes an education authority's surplus or deficit situation, a copy of the revised budget must be submitted to the Department.

The annual budget process helps an education authority prepare a realistic budget that accurately reflects school needs and historical trends. The current year annual budget, current year actual (estimated) expenses and the budget for the upcoming school year are all included in the annual budget submission. The annual budget is broken down into the same categories as the interim financial report and the audited financial statement of revenues and expenses. This simplifies budget preparation and ensures documents are comparable.

Revenues include GNWT contributions, any federal funds, property tax revenue, and education authority/school-generated funds such as rentals, sales and investment income.

Expenditures are broken down into several categories (i.e. school programs, inclusive schooling, O&M, Aboriginal languages and cultural programs, administration and transfers to the capital fund). Debt service must also be included in expenditures. These categories are consistent with the chart of accounts described in Part 3-001.

The required format for budget presentation to trustees and to the Minister can be found in Appendix A.

Education authorities may add additional schedules at their discretion.

2-003.2 Surplus and Deficit Guidelines

An education authority cannot budget for a deficit in any fiscal year, unless there is an accumulated surplus sufficient to cover the deficit. If unexpected circumstances produce an accumulated deficit in any year, that deficit must be recovered within three years. Under the *Financial Administration Act*, any substantial change in an education authority's budget, such as an unpredicted deficit, must be reported to the Minister, who must approve the change.

Surpluses may be used to cover operating deficits in subsequent periods, or as the education authority sees fit. Previous year surplus cannot be recorded as a transfer to current year operating revenue on the Statement of Revenue and Expenditures.

Under the Departmental Accounting Policy, for management purposes, an education authority surplus (deficit) is calculated as:

$$\begin{aligned} & \text{Accumulated Surplus (Deficit)} \\ & + \\ & \text{Accrual for Retirement, Resignation and Ultimate Removal} \\ & + \\ & \text{Infrastructure Deficit} \\ & + \\ & \text{Accrual for Summer Salaries/Benefits} \end{aligned}$$

Moreover, the accumulated surplus (deficit) should be calculated and shown in the notes appended to the financial statements, and referenced on the Statement of Accumulated Surplus (Deficit).

Department guidelines suggest that an education authority not have an accumulated management surplus in excess of \$500,000 or five percent of its annual budget.

2-003.3 Interim Financial Report

The October 31st interim financial report is due on November 30th each year. This report should be addressed to the Deputy Minister. Forms are similar to those for audited statements, except that information is reported as of October 31st. A column for projected figures to June 30th is included in the Statement of Revenue and Expenditures and Details of Expenditures.

The report consists of five forms that can be found in Appendix B.

All education authorities report to ECE using the same format. Costs relating to a specific function must be reported under that function. Items pertaining to a particular category are assigned, or belong, to that category. For example, teaching salaries, consultant fees, and O&M costs relating to inclusive schooling should all be included under the inclusive schooling function.

More detailed explanations can be found in sections 3-001 to 3-003 on Standard Chart of Accounts.

2-003.4 Community Report (Geographic Tracking)

Community reports provide a summary of direct expenditures for each community in a given school district, as well as a summary of indirect/overhead expenditures for the entire district. It is important that all direct expenditures be allocated to the appropriate community. Reports are to be submitted to the Department by October 30th.

The data compiled in quarterly community reports is used when generating the annual Geographic Tracking report. Not all expenditure detail can be allocated to the community level in a meaningful way. However, wherever it is possible to make a community level allocation, the report should do so. Allocations are based on the geographic area that the expenditure most closely relates to, or that which most benefits. For Geographic Tracking purposes, expenditures are separated into four distinct categories:

Community Level Expenditures are expenditures required for the delivery of programs and services specific to a community. For example, salary costs for teaching staff in a particular community school.

Regional Level Expenditures are expenditures required for the delivery of programs and services to benefit residents of a specific region. For example, salary costs for a DEC program consultant.

Territorial Level Expenditures are expenditures required for the delivery of programs and services to benefit all NWT residents.

Corporate Level Expenditures are expenditures required by the GNWT headquarter and regional management structure. For example, honorarium expenses for Council trustees.

The link below provides access to Geographic Tracking of Expenditures Reports:

http://www.fin.gov.nt.ca/expenditures/geographic_tracking/index.htm

2-003.5 Utility Details by Facility

The Department monitors utility consumption and costs for all its facilities, and those of the two Yellowknife District Education Authorities. Education authorities are required to provide their utility details to the Department by October 30th. See Appendix C for template.

2-003.6 Special Program Reports

Education authorities must report on several programs, including those arising from the Aboriginal Languages Contribution Agreement, the French Language Contribution Agreement. Reports are also required as outlined in the Aboriginal Language and Culture-Based Education (ALCBE) and Inclusive Schooling (IS) directives.

2-003.7 Statement of Infrastructure Costs

The Statement of Infrastructure Costs is submitted to the Manager, Board and Corporate Services, ECE Strategic and Business Services by May 1st each year. The statement is a means to predict any potential deficits in utility and personnel expenses funding. See Appendix D for template.

2-003.8 Annual Report and Financial Statements

Section 96 of the *FAA* requires that all public agencies prepare and submit annual reports to their assigned Minister. Section 30 of the *Education Act* reinforces this point as it requires each education authority to submit an annual report as described in the *FAA*. The annual report should:

- State the activities of the public agency;
- Include the financial statements of the public agency;
- Include the report of the auditor; and
- Include information as required by the *FAA*, the *Education Act* or any other GNWT legislation or as may be requested by the Minister.

Audited Financial Statement

The accounts of every public agency must be audited annually. An audited financial statement must be submitted no later than 90 days after the end of the education authority fiscal year, and must include all financial activities. An education authority is in violation of the *FAA* if the statement is not submitted by the deadline. Each education authority should therefore ensure that the deadline date is specified in its contract with the auditor.

Extensions of 60 days are available, but may only be granted in exceptional circumstances. In such instances, the Minister of ECE, on behalf of the education authority, must petition the Minister of Finance for an extension.

The annual audit must include an audit of student enrolment procedures.

The forms to be used are provided in Appendix E.

Choosing an Auditor

Each education authority selects an auditor through the request for tenders process. The following should be considered before tendering for services:

- Calls for proposals should go out well before an education authority's year-end, to ensure the auditor will have sufficient time to meet the September 28th deadline. As mentioned previously, the contract with the auditor should clearly stipulate that the report must be received before that deadline.
- Any fees quoted should incorporate all parts of the work, including the audit itself, as well as any additional accounting expenditure that are expected, travel and related disbursements.
- It is necessary to obtain the Minister's approval prior to the appointment of an auditor who is not listed in BIP Approved Professional Accountants, as outlined in Appendix F.
- Education authorities may want to consider tendering for services for a period of more than one year.

FAM and BIP contract regulations must be adhered to at all times in all contract tendering procedures.

The Role of the Auditor

An audit ensures education authority records and statements present an accurate picture of the financial situation at a given time. The auditor must state whether the education authority has kept proper records and if the audited financial statements are consistent with their accounts. The auditor also verifies that the education authority is in compliance with any legislation and regulations that may apply, and reports on any other matter that, in the opinion of the auditor, warrants comment.

Section 99 of the *FAA* states that an auditor must "state whether in their opinion the financial statements present fairly the financial position at the end of the financial year." To prepare this report an auditor:

- Verifies compliance with government legislation, regulations and policy directives
- Reviews the accounting systems and related controls that are in place;
- Tests general ledger procedures to make sure the systems/controls work properly;
- Examines certain transactions to make sure they are properly authorized;
- Analyzes accounts in detail to ascertain that they are reasonable;
- Confirms some balances with other parties to verify accuracy; and
- Checks financial statements against the records.

During an audit, the auditor only checks those financial statements already prepared by the relevant education authority. The preparation of such records and financial statements is the responsibility of the education authority, not the auditor.

In the course of the investigation, the auditor is required to look at internal systems and controls. The auditor must comment on any deficiencies in a management letter or auditor's supplementary report. The management letter is not limited to issues pertaining directly to the financial statements. Comments can be included on any issues that fall within the scope of the auditor's examination.

Instructions to Auditors

An audit must both comply with the *FAA*, and be presented in a standard format. Every year, the Department sends instructions on what is required directly to auditors retained by the various education authorities. It is therefore imperative that each education authority advise the ECE Strategic and Business Services Division of the choice of auditor as soon as it has been made. Complete instructions to auditors are provided in Appendix G.

2-003.9 Useful Tips and Checklist

Efficient Reporting Methods

Whenever possible, education authorities should send their files and information to ECE via email as this speeds up the information exchange process considerably. Faxed hard copies must be re-entered into the system, which is time-consuming and increases the possibility of errors.

Submission of Expenses/Invoices

Education authorities are encouraged to submit expenses/invoices prior to March 31st of each year in order to ensure processing under the current school year funding. The Department has until the second week of April to process any accrued old year payments.

Monthly Checklist

The checklist below lists education authority internal procedures to be completed on a monthly basis.

- Bank reconciliation
- Review of infrastructure costs
- Payroll reconciliation every two weeks
- Monthly reconciliation of statement from GNWT payroll
- PeopleSoft leave and termination benefits entered
- Reconciliation of asset and liability accounts

2-004 School Funding Framework

2-004.1 Funding Formula

Public education is a territorial responsibility – one discharged through a funding system that recognizes the right of all NWT children to an equitable share of territorial education resources.

The School Funding Framework provides a means to allocate funding to education authorities. The framework has four main objectives:

- to provide **adequate** resources for an agreed upon standard of services;
- to treat all schools **equitably**, with resources distributed fairly according to need;
- to promote **efficiency** by focusing resources on students; and
- to give communities a high level of **flexibility** to decide how best to provide for their children's education.

The Framework is used to allocate school funding in five categories:

- administration and school services,
- territorial schools,
- inclusive schooling,
- language and cultural programs, and
- infrastructure services.

School funding formulas described in the Framework:

- use prior year September 30th enrolments to distribute funds,
- use prior year salaries to calculate contributions, and
- adjust for cost differences due to freight, travel and program costs.

Education authorities are given the flexibility to budget in accordance to community needs, and are responsible for surpluses and deficits. Most funding is flexible within specified categories, meaning education authorities have the discretion as to how funds are used to meet student needs within a given category. Targeted categories include Infrastructure (utility) funding, Inclusive Schooling, and Aboriginal Language and Culture Education funding.

Education authorities are required to maintain accurate enrolment (eSIS, see section 2-004.2 below) and salary/benefits information (in PeopleSoft) throughout the year. In this way, authorities can ensure that projections and school contributions are accurate.

Education authorities are also required to notify ECE of grade extension plans, magnet facility changes and any other pertinent information that will have an impact on contributions for the upcoming school year.

The School Funding Framework can be found in Appendix H.

2-004.2 Enrolment Count

Funding to schools is based on the number of students who met attendance requirements in the previous September. All schools must use eSIS to track enrolments. Accurate attendance records must be maintained at the classroom level, and verified by the principal. Attendance records are subject to audit. Excused absences will only be accepted if they are supported by written documentation from a parent or guardian, or in the case of a phone call or visit by a parent or guardian, a note to file from a school official documenting the reason for the absence. Attendance records and related documentation regarding excused absences must be available for submission to the Department upon request.

Attending Student

Details on attendance and the definition of an “attending student” can be found in the *Education Act*, section 27 and in section 2(2) of the *Funding Regulations*. Enrolment count information can also be found in the *School Funding Framework*, provided in appendix H.

<http://www.justice.gov.nt.ca/Legislation/SearchResults.asp?Option=Title&DBTable=LegReg&Parameter=E&Page=1>

Students Attending School Outside Jurisdiction

Only applies for students whose parent(s) (as defined in subsection 1(2) of the *Education Act*) live in one community, yet the student is attending a school in a different community through their own or their parent’s choice. In such cases, although the student may be attending a school other than his/her home-community school, the student must be registered, for funding purposes, in their home community school. A funding agreement between the affected education authorities should then be made.

2-005 ECE Capital Plan

Capital Standards and Criteria

The Department provides funding for school building projects based on need as demonstrated by approved standards and criteria, student enrolment levels, and existing building condition assessments.

A copy of Department Capital Standards and Criteria can be found in Appendix I.

Capital Planning Process

The capital planning process is government-wide. The first step is the preparation of a 20 Year Capital Needs Assessment. Projects are then ranked according to specified criteria. The primary criteria for ranking projects in order of priority are:

1. Protection of people,
2. Protection of assets,
3. Protection of the environment,
4. Financial investment, and
5. Program needs or requirements.

Next, a preliminary three year plan is prepared and submitted to the Financial Management Board for consideration. This is followed by Legislative Assembly Standing Committee reviews. Final approval is secured upon inclusion in the Infrastructure Main Estimates presented in the October session of Legislative Assembly each year.

PART 3

FINANCIAL SYSTEMS

Introduction

This section explains the chart of accounts, general accounting procedures and highlights of the MasterWorks Software System.

The term “education authorities” used throughout this manual refers to the four Divisional Education Councils (DECs), the two Yellowknife District Education Authorities (DEAs), the Dettah District Education Authority, the Tłıchǫ Community Service Agency (TCSA) and the Commission scolaire francophone, Territoires du Nord-Ouest (CSFTNO) unless otherwise stipulated.

3-001 to 3-003

Describes the chart of accounts structure and lists common object codes.

3-004

Explains general accounting procedures, including payroll distribution reports, adjustments and reconciliation, education authority payments, accruals and other key areas. Please note education authority’ responsibilities pertaining to payroll reimbursement.

3-005

Provides information on MasterWorks accounting modules, which are to be used by all education authorities. Outlines available support services, training opportunities and contact information.

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3-001 Standard Chart of Accounts

A standard chart of accounts must be used by all education authorities to ensure that financial documents are prepared in a consistent manner. When education authority revenues and expenses are recorded in the same format, the Department can easily analyze data and compare results across education authorities.

3-001.1 Coding System – Chart of Accounts

The chart of accounts is a numerical coding system. Coding is recorded on invoices, cheques or accounts payable journals, as well as on the general ledger and financial statements. The numerical code allows for an item to be traced through the system.

The numbers in the code identify the fund the monies are assigned to, the type of entry (asset, revenue or expenditure), the group of programs the entry belongs to, the specific program to be charged and the area responsible for that item.

Code Structure				
X	XXX	XX	XXX	XX
Fund	Objects	Function	Program	Location
X	XXX	XX	XXX	XX
0-9	000-999	00-99	000-999	00-99

NOTE: It is very important that all items pertaining to a certain function and program are actually charged to that function and program. For example, the inclusive schooling coordinator's salary and related O&M expenses should be reported under inclusive schooling, not administration. As a general rule, the functional classifications of expenditures follow Departmental contribution classifications.

Fund Code: 0 – 9

A fund is a self-balancing set of accounts, i.e. capital or operating funds. The education authority can identify revenues and expenditures within a fund. Accounting on a fund basis ensures that the school system complies with legal requirements to account for monies received and spent, in accordance with the purpose for which the funds were designated.

Object Code: 000 – 999

The standard object code is a three-digit number ranging from 001 to 999. The first digit of the object code identifies the balance sheet, revenue or expenditure classification.

Fund X	Object XXX	Function XX	Program XXX	Location XX
	000-009 assets, liabilities, surplus 100-199 revenues 200-900 expenditures			

For example, object code 470 indicates airfare associated with duty travel, while object code 471 refers to other types of duty travel expenses.

Revenues are generally identified by their source. Certain types of revenue may be associated with a specific program, i.e. Heritage Canada French language programs. However, programs should be identified by program code instead of through revenues or expenditures. An expenditure object code identifies a service or commodity obtained as a result of a specific expense, i.e. postage and office supplies.

Function Code: 00 – 99

A function consists of two digits ranging from 00 to 99, and groups together related programs, i.e. instructional or administrative programs. A function is broken down into more detail by program area.

Functions for education authorities in the standard chart of accounts include:

- School Operations Expenditures directly related to the delivery of school programs. An education authority may wish to break down this function into smaller parts. As long as the parts are within a defined range they may be combined for reporting purposes. For example, subsections could be grades K-6, 7-9 and 10-12 and defined in ranges 01 to 03. An education authority may choose to pro-rate expenses and allocate expenditures shared by different grades among functions that are not the same (i.e. an instructor).

- Inclusive Schooling Expenditures directly related to the provision of additional supports (salaries, travel, training and/or supplies) to meet

	Inclusive Schooling Directive ¹ requirements. Allowable expenditures include inclusive schooling administration.
Education Authority Administration	Expenditures related to the education authority administration as well as the central office and facilities.
Aboriginal Languages and Cultural Programs	Expenditures relating to Aboriginal language and cultural program development, i.e. consultants, Aboriginal Language Specialists, books/supplies and translation services. The ALCBE Directive describes in greater detail which expenses can be included under this function.
O & M	Utilities or lease expenditures that cannot be broken down into any of the categories outlined above. Note: custodial salaries are to be included in the territorial school function.
Fiscal and Transfers	Refers to all fiscal adjustments, transfers to capital funds, other transfers and debt servicing.

Program Code: 000 – 999

The program code consists of three digits ranging from 000 to 999. A program groups together courses or administrative activities such as professional development, education authority meetings, and northern studies. Revenue and expenditures can be given the same program code to report specific funded programs.

Location Code: 00-99

The location code classifies expenses by area of budget responsibility, such as office or school expenses.

Coding example – using chart of accounts

A Grade 6 student is hearing impaired and needs a specialised computer program in order to hear properly during Aboriginal language instruction. Using the Dehcho DEC chart of accounts, the appropriate codes in this case would be:

Fund	Object	Function	Program	Location
1 O&M	655 Computer Acquisitions	05 Inclusive Schooling	701 Curriculum Support	09 Wrigley

¹ Ministerial Directive on Inclusive Schooling - 2006.

In this situation, 1-655-05-701-09 would be the account number. If the Inclusive Schooling coordinator responsible for the monies were not located in Wrigley, the location code number would be changed to reflect the actual location.

3-001.2 Territorial Minimum Requirements

The GNWT Department of Finance requires a minimum code to indicate a fund, object, function and location. The territorial minimum requirement does not, however, require a program designation.

Where an education authority chooses not to use a program designation for some of its expenses, 000 must be entered under the program code. In this way, both the minimum territorial requirements and those of the Department's accounting framework are met. However, a program designation code should be used if and where it is necessary to identify revenues and expenditures for a specific program.

3-002 Standard Object Codes for Expenditures 2XX – 9XX

The Department does not prescribe all possible education authority codes because there is such a range in both the programs offered and the size of education authorities themselves. However, the Department has reserved certain object codes and ranges to be used exclusively for particular types of revenues and expenses. For object codes numbered 200 to 999, the first digit in a three number code identifies different types of expenses.

First Digit	Expense Type
2XX	Salaries
3XX	Employee Benefits
4XX & 5XX	Services Purchased and Contracted
6XX	Materials/Supplies/Freight
7XX	Contributions/Transfers
8XX	Debt Services
9XX	Transfers to DEA

200s	Salaries — expenditure objects
-------------	---------------------------------------

- 210 229 **Teacher salaries:**
Wages and salaries paid for work performed by certified staff within the confines of the NWTTA agreement including teacher instruction, consultation, coordination, as well as library staff and principals.
- 230 239 **Instructional assistance:**
Wages and salaries paid for work performed by instructional staff hired to act as assistants to certified NWTTA instructional personnel.
- 240 289 **Non-instructional staff:**
Wages and salaries for work performed by non-instructional staff including managers, clerical, secretarial, maintenance, custodial or technical staff.
- 290 299 **Education authority trustee honoraria:**
All honoraria paid to education authority and trustee chairs and members.

300s	Employee Benefits — expenditure objects
-------------	--

- 310 379 **Employee benefits/allowances:**
Amounts paid on behalf of, or to, employees, not directly for services rendered, but either for an earned contractual benefit or for the purpose of

the employee upgrading his training and competence. This includes all employee benefits and allowance payments to group health or life insurance, social insurance, bursaries, education authority and housing allowances, but excludes severance benefits for leave and termination.

- 380 399 **Leave and termination:**
Benefits paid out for employees on maternity leave and those benefits accrued under contractual agreement for severance upon leave and termination, year-end transactions.

Education authorities must report employee benefits and allowances in the salary object field, rather than the employee benefits field, until payroll information is reformatted to show that split on the distribution.

400s/500s Services Purchased and Contracted — expenditure objects
--

- 410 429 **Professional/Technical services:**
Purchased services of a professional or technical nature, such as legal fees.
- 430 449 **Postage/Communications:**
Telephone and postal services expenses including postage machine rental.
- 450 469 **Utilities:**
Expenditures on utilities such as heat, power, sewage, garbage and water.
- 470 477 **Travel:**
Expenditures on travel and sustenance, including those associated with recruitment but excluding student travel.
- 478 479 **Student Transportation (bussing):**
Expenditures on student travel and sustenance during travel, including contracted bussing services.
- 480 499 **Advertising/Printing/Publishing:**
Expenditures associated with the development and/or production of advertising and published and printed materials.
- 510 529 **Maintenance/Repair:**
Expenditures on maintenance and repair services, excluding salaries for, and materials used by, education authority personnel. Includes contracts and agreements covering the upkeep of buildings, equipment and grounds. But, uninsured losses or the deductible portions of insured loss are not included.

- 530 539 **Rentals and leases:**
Expenditures on the rent or lease of land, buildings, and/or equipment for the temporary or long-term use by the local jurisdiction. Included are lease payments to the Department of Public Works, bus and other vehicle rentals for use by education authority personnel, data processing equipment leases, lease-purchase arrangements, and other similar rental agreements.
- 540 589 **Other:**
Expenditures on all tuition fees, dues, insurance, and bond premiums as well as on other purchased services of a non-technical or professional nature.
- 590 599 **Contracted services:**
Annual or multi-year agreements for contracted services of a non-technical or professional nature, including catering.

600s	Materials/Supplies/Freight — expenditure objects
-------------	---

- 610 689 **Materials and supplies:**
Expenditures on items of an expendable nature that tend to be consumed/worn out/deteriorated fairly rapidly through use, or that lose their primary purpose in the process of being incorporated/modified into different or more complex units or substances. Included are all supplies, textbooks, library books, and other printed materials, as well as models, charts, kits, pictures, films, audio and television tapes, computer software (where used in one year), warehouse inventory adjustments and other supplies and materials.
- 690 699 **Freight:**
Expenditures on freight costs, including those related to the purchase of materials and supplies.

700s	Contributions/Transfers — expenditure objects
-------------	--

- 710 789 **Transfers:**
All transfers of a non-capital nature.
- 790 799 **Transfers to capital:**
Contributions toward capital including amounts paid for the acquisition of fixed assets or any additions to fixed assets. Included are expenditures on land/buildings, improvement of grounds, construction/additions to buildings, remodelling or renovating of buildings, improvement of assets

Standard Object Codes for Expenditures

beyond deferred maintenance, as well as the purchase of furniture, equipment, vehicles and other capital items.

800s	Debt Services — expenditure objects
-------------	--

Amounts paid from current funds toward debt retirement including the redemption of principal and payment of interest on debentures, loans and mortgages, and the interest portion of lease-rentals.

900s	Transfers to DEAs — expenditure objects
-------------	--

Amounts of money transferred to DEAs.

Balance Sheet Object Codes

3-003 Balance Sheet Object Codes 000 to 999

Object Codes First digit in object code is the identifier

000 – 059 asset
060 – 099 liability, surplus
100 – 199 revenue
200 – 999 expenditure

Assets: 000 → 059— balance sheet objects

000		010	Cash in bank - general
001		011	Cash in bank - payroll
002		012	Cash in bank - U.S. dollars
003		013	
004		014	
005		015	Cash on hand - petty cash
006		016	
...		...	
009		019	
020	Investments	030	Accounts Receivable - other
021		031	Accounts Receivable - municipality
022		032	Accounts Receivable - GNWT
023		033	Due from capital
024		034	Employee advances
025	Deposits - temporary	035	Travel advance
026		036	Prepaid Expenses
027		037	Due from operating
028		038	Prepaid other
029		039	
040	Inventories	050	Fixed assets - land
041		051	Fixed assets - buildings
042		052	Fixed assets - equipment
043		053	Fixed assets - vehicles
044		054	Building Construction - in progress
045		055	Architect fees - in progress
046		056	Land/landscaping costs-in progress
047		057	Furniture & equipment
048		058	
049		059	

Balance Sheet Object Codes

Liabilities/Surplus: 060 → 099— balance sheet objects

060 Overdrafts/bank loans	070 Income tax deduction payable
061 Accounts payable	071 CPP deduction payable
062 Holdbacks payable	071 UIC deduction payable
063 Damage deposits	073 Pension deduction payable
064 Deferred income	074 Extended health coverage payable
065 Due to capital	075 Life ins./LTD premium payable
066 Accrued payroll for vouchers	076 Union dues payable NWTTA
067 Due to operating	077 Union dues payable UNW
068 NWTTA PI fund	078
069	079
080 Debenture payable	090 Current year surplus/deficit
081 Mortgage payable-long term only	091 Accumulated surplus/deficit
082 Other long-term debt	092 Reserve funds
083 Improvements payable	093 Capital reserve
084	094
...	...
089	099

Revenues: 100 → 199— balance sheet objects

100 GNWT contributions-O&M	110 Tax revenue-municipality
101 GNWT contributions-capital	111
102 GNWT contrib.-special programs	112
103 Sec. of State-Aboriginal languages	113
104	114
105 Sec. of State-French languages	115 Insurance proceeds
106	116
...	...
109	119
120 Investment revenue	130 Accommodation rental revenue
121	131
...	...
125 Tuition revenue	135 Cafeteria Services
126	136
...	...
129	139
140 Textbook sales/fees	150 Transfer from other funds
141 Bus pass revenue	151
142	152
143	153
144 Contract revenue	154
145 Miscellaneous revenue	155 Disposal of equipment

Balance Sheet Object Codes

146		156	
...		...	
149		159	
160	Transfer from reserves	170	
161		171	
...		...	
169		179	
180		190	
...		...	
189		199	

Expenditures: 200 → 999— balance sheet objects

2XX Salaries	3XX Employee Benefits
21X Teachers/principals	31X Legally required benefits
22X Teachers/principals	32X Insurance benefits
23X Education assistants	33X Registered benefit plan
24X Clerical - school	34X Northern allowances
25X Custodial	35X Northern allowances
26X	36X Other allowances
27X Residences	37X Professional development
28X Regional Administration	38X Leave and termination
29X Trustees honoraria	39X
4XX Services purchased/contracted	5XX Continued: Srvs purchased/contracted
41X Professional/technical services	51X
42X	52X Maintenance and repair
43X Postage & communication	53X
44X	54X Rentals/Leases
45X Public utility services	55X
46X	56X Dues and fees
47X Travel & accommodation	57X
478-9 Student travel	58X Contracted services
48X Advertising/Printing/Publishing	59X
49X	
6XX Materials, supplies and freight	7XX Contributions/Transfers
61X Materials and supplies	71X Transfers-non capital
62X	72X
63X Textbooks	73X
64X	74X
65X Media materials	75X
66X	76X
67X Furniture and equipment	77X
68X Freight - transportation	78X
69X	79X Transfers to capital

Balance Sheet Object Codes

8XX	Debt services	9XX	Transfers to DEAs
81X	Debenture debt principal	91X	
82X	Short-term debt	92X	
83X	Long-term debt	93X	
84X	Mortgage	94X	
85X	Bank & interest charges	95X	
86X		96X	
...		...	
89X		99X	

3-004 General Accounting Procedures

3-004.1 Payment of Permanent Payroll Invoices

Each education authority must submit complete payment for payroll invoices to the regional Department of Finance office on or before each GNWT payday. Invoicing and payment for permanent payroll must follow specified procedures as outlined below.

Payroll Distribution Reports

The Department of Human Resources (HR) makes available PeopleSoft payroll distribution reports for printing or downloading by education authorities.

Adjustments and reconciliation

Where an adjustment needs to be made due to a payroll error after an invoice has been paid for, the amount must be adjusted on the next invoice. Education authority staff must report any such adjustments to HR.

Education Authority payments

As noted above, education authorities must pay the Department of Finance to cover their payroll expenditures each pay period. Furthermore, education authorities are required to ensure that the regional Department of Finance office receives full payment on or before payday, and that all payments include the proper invoice number.

Where the Department of Finance identifies an education authority as being behind on payroll payments, ECE will not issue next month contribution payments to that authority. In such circumstances however, as a means to encourage remedial action, ECE would give notice to the affected education authority prior to withholding the funds.

3-004.2 Year-end Procedures

For most education authorities, the fiscal year runs from July 1st to June 30th, which coincides with the school year. At year-end, several procedures must be completed before closing-off that year.

Prepaid expenses

Prepaid expenses are goods received before year-end but ordered for the next fiscal year. These items must be identified as prepaid expenses when the invoice is processed.

Year-end Accruals

The following types of accruals must be completed at the end of the fiscal year: resignation and retirement, annual leave and lieu time, summer salary and ultimate removal assistance.

Resignation and Retirement

Reports on resignation and retirement accruals can be generated from PeopleSoft. Reports should be carefully verified to ensure the accuracy of information.

The calculation of NWTTA employee termination benefits is based on Article 18 and the Memorandum of Understanding in the NWTTA Collective Agreement. For other GNWT employees, the calculation of termination benefits is based on Article 32 of the UNW Collective Agreement.

Regarding accrual, the retirement formula is only used if the employee is entitled to an immediate annuity under the Public Service Superannuation Act; that is if s/he is 60 years of age with two or more years of service, or 55 years of age with 30 or more years of service. If the employee does not qualify for retirement benefits, calculations are based on the resignation formula.

Accrual of termination benefits is divided into current and long-term liability. The current liability is the amount that the education authority can expect to pay out in the coming year. Average annual turnover rate is used to calculate this amount. The remaining amount is a long-term liability.

The annual turnover rate is the number of employees terminated in a given year, whether or not they received removal assistance, divided by the total number of term and permanent employees employed by that education authority.

Annual Leave and Lieu Time

This accrual is calculated for all UNW, Hay Plan and Excluded positions except school year employees (i.e. education assistants). PeopleSoft can generate an Annual Leave and Lieu Time Accrued Liability Report. It is important to ensure that all leave transactions are entered into PeopleSoft before such a report is requested. The report should be carefully verified to ensure that the information is accurate.

The dollar values for annual days and lieu hours are already calculated, however this is not the total amount accrued. The total amount in a PeopleSoft report must be increased by two percent to reflect the employer share of benefits. Given that the Northern Allowance and various other benefit components are excluded from the calculation, the Comptroller General has deemed two percent to be an appropriate amount to be incorporated in the accrued employer liability. The total accrual for annual leave and lieu time is a current liability.

Summer Salary

Employees such as education assistants, school community counsellors, etc., who have been designated as school year employees, work only when school is in session. These employees and teaching staff work for approximately ten months but are paid salary over a twelve-month period. To calculate their summer salary accrual, the education authority must determine the number of pay periods between July 1st and the subsequent school start date. Employee regular earnings plus the employer share (taken from the payroll distribution report) are then multiplied by the number of pay periods.

Ultimate Removal Assistance

Most terminated employees are entitled to some level of ultimate removal assistance, whether to points south or within the NWT.

Article B2 of the NWTTA Collective Agreement must be used to determine ultimate removal entitlements for NWTTA employees. For UNW employees, Article 42 in the UNW Collective Agreement must be consulted.

The Ultimate Removal Assistance Liability report generated from PeopleSoft calculates the estimated accrual for removal expenses. This accrual should be divided between current and long-term liability. Current liability is the total accrual multiplied by the annual turnover rate. The remainder of the accrual is categorized as long-term liability.

It is important to note that only one entitlement can be paid per household, and only after termination of employment has actually occurred.

Accounts Receivable Write-offs

FAM Directive 2703 describes provisions and authority for write-off and forgiveness of debt. More information is available at <http://www.fin.gov.nt.ca/FAMWeb/index.html>

Teachers' Professional Development Fund (PD Fund)

Under Article 16 of the NWTTA Collective Agreement, a PD fund for the professional development of teachers is calculated at the start of each academic year. This general fund amounts to 2.25 percent of total gross basic teacher salaries. Any funds remaining at the end of a fiscal year do not lapse but must be retained for future use. Any such surplus funds are recorded as deferred revenue.

The NWTTA Collective Agreement established a Student Success Fund. This fund, amounting to 0.75 percent of total gross basic teacher salaries, is calculated in the same way as the general PI Fund.

The Student Success Selection Committee is responsible for making decisions with regard to the allocation of professional development funding for student success initiatives.

Infrastructure

When an education authority realizes surplus infrastructure funding at the end of June, this funding must be recorded as a payable. Deficits cannot be recorded as being receivable because any funding to cover a deficit is subject to budget approval by the Legislative Assembly. In May each year, ECE Board and Corporate Services request a projection to June 30th, so that a reallocation of funds can be made to reflect projected expenses.

General Ledger Integrity

To ensure the integrity of general ledger, accounts payable, payroll and journal entries, an individual other than the person processing cheques should post entries. This makes it possible for any errors to be identified. The financial officer or delegate should check the authorizations on any documents before they are posted. While segregation of duties is ideal, smaller education authorities may not have sufficient staff to do so.

3-005 MasterWorks Software Systems

A review committee of comptrollers and Department staff chose GMT Software Systems as the in-house accounting software system, now known as MasterWorks Software System (hereinafter referred to as MasterWorks).

MasterWorks is located in Calgary at the following address:

MasterWorks Software Systems Ltd.
Suite #203, 5810 – 2nd Street SW
Calgary, AB T2H 0H2

ECE requires education authorities to use MasterWorks. ECE must approve any change of software systems prior to its implementation by education authorities.

There are certain factors to keep in mind before considering another accounting system. Most other commercial systems do not support commitment accounting, which is required under the FAM and under Generally Accepted Accounting Principles (GAAP) for Public Sector Bodies. Many other systems do not support the standardized chart of accounts that education authorities must use for financial reports. Because of this, problems and additional work can result from using a system other than MasterWorks. Education authorities can create reports from MasterWorks that gather the information using the standard chart of accounts.

In addition to the ease of reporting using MasterWorks, education authorities also enjoy other advantages. ECE provides training and troubleshooting services, and works with MasterWorks management in tailoring the system to the specific needs of education authorities specific.

MasterWorks has a number of user guides available on its website, under the Client Secure Section. Viewed using Adobe Acrobat Reader, these guides run through procedure by way of a checklist, i.e. Accounts Payable, Cheque Run Procedures and Year End GL Procedures.

Also within the Client Secure Section are: “New releases” for the software; “Newsletters” to keep you abreast of the latest news; and “Tip and tricks”, a collection of useful tips, tricks and links to help you get the most out of MasterWorks. Education authorities are encouraged to check the site on a regular basis for updates. MasterWorks can be found online at www.masterworkssoftware.com.

ECE has a contract with MasterWorks for the provision of support services to education authorities. Where a problem is not addressed in the on-line manual or the user guides, MasterWorks can be contacted at (403) 201-5466.

MasterWorks Products

The MasterWorks core financial package consists of the General Ledger, Accounts Payable and Accounts Receivable modules. Included in the ECE contract with MasterWorks are the following additional modules:

- Payroll
- Human Resources
- Web Based School Access
- School Access
- Substitute Booking Module
- Excel Integration Module
- Web Based Teacher Application
- Web Based Payroll Voucher

Backup and Restore

It is crucial for education authorities to backup the system regularly. When carrying out regular procedures such as cheque cycles, files should be backed up prior to starting the process.

Backup at year-end should contain program and data files and should be kept permanently. All backup should be kept off the premises, in a secure location. We suggest you keep an annual backup off premises as a standard procedure.

MasterWorks Training and Development

Included in the ECE contract with MasterWorks is funding for training. The Department tries to ensure an annual workshop is offered in the NWT for software users. MasterWorks also offer online training and workshops from their Calgary-based office. Any education authority that wants to discuss the training needs of its staff should contact the Manager of Board and Corporate Services at ECE Strategic and Business Services.

PART 4

HUMAN RESOURCES

Introduction

The GNWT Human Resource Manual for managers and human resource administrators contains comprehensive information on human resource management. It describes program policies, guidelines and procedures derived from legislation including the *Public Service Act* and Public Service Regulations, and those included in collective agreements or formal GNWT Policies, issued under the authority of the Executive Council.

The term “education authorities” used throughout this manual refers to the four Divisional Education Councils (DECs), the two Yellowknife District Education Authorities (DEAs), the Dettah District Education Authority, the Tłıchǫ Community Service Agency (TCSA) and the Commission scolaire francophone, Territoires du Nord-Ouest (CSFTNO) unless otherwise stipulated.

4-001

This section provides highlights of the collective bargaining process, including implications for education authorities.

4-002

Touches on key areas in the HR Manual that education authorities should be familiar with.

4-003

Outlines the Employee Family Assistance Program (EFAP), including eligibility requirements, and the way to access the service.

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4-001 Collective Agreements

The Government deals with two bargaining units: the Northwest Territories Teachers' Association (NWTTA) and the Union of Northern Workers (UNW). The Department of Human Resources (HR) negotiates collective agreements with these bargaining units for public service employees.

4-001.1 Collective Bargaining Process

The UNW and NWTTA notify HR in writing when they want to begin collective bargaining, usually several months before the current agreement expires. After consultation with divisional councils, ECE and HR representatives exchange bargaining proposals with the party in question and bargaining begins.

To enable this process to run smoothly, education authority comptrollers must provide up-to-date, accurate information regarding salaries and leave/lieu time to the Department upon request. This means that staffing and salary information must be kept current at all times.

Education authorities can help the bargaining process by identifying issues that may pertain to collective bargaining. Issues might include such things as the interpretation of special leave, removal benefits, etc. Education authorities might also be asked to estimate the cost of specific benefits put forward in the bargaining process.

Yellowknife DEAs negotiate directly with their own bargaining units.

A full description of collective bargaining processes can be found in the Human Resource Manual. Electronic copies of the NWTTA and UNW collective agreements respectively can be accessed at the links below:

<http://www.hr.gov.nt.ca/policy/nwtta/> and <http://www.hr.gov.nt.ca/policy/unw/>

4-001.2 Financial Implications

When developing annual budgets, education authorities must take into account the cost implications of collective bargaining on salaries and benefits.

Collective agreements also affect an education authority's financial status in areas such as time off for association or union business, leave, hours of work and overtime, severance and travel pay, professional development and salary classifications.

Although teachers and other staff work only for the 10 months during which schools are open, they are paid for 12 months. Therefore, accrued summer salaries and any leave time must be charged as a current liability in the annual financial statement.

Termination, resignation and retirement benefits owed to permanent staff members are also treated as a liability at year-end. The increase or decrease of liability during a fiscal year is treated as a current expenditure.

A thorough review of the guidelines and procedures resulting from collective bargaining processes can be found under section 302 of the Human Resource Manual that can be accessed through the link below:

<http://www.hr.gov.nt.ca/policy/hrm/>

4-002 Human Resource Manual

The HR Manual applies to all GNWT departments, education authorities and agencies. Where any discrepancy arises between the information in the HR manual and the relevant legislation / government policy currently in place, the latter will prevail.

All parts of the HR Manual apply to the education authorities except where other groups (e.g. nurses) are specifically mentioned. As a result, education authority administrators should be familiar with the Human Resource Manual, in particular the sections outlined below:

4-002.1 Contracting Out (304)

This section discusses management responsibility to involve the UNW in any privatization plans whereby a position in the bargaining unit might be eliminated. Defined as the tendering and contracting of work required to fulfil a department's mandate to the private sector, 'contracting out' includes work previously performed by GNWT employees.

4-002.2 Grievances and Complaints (401)

The grievance process allows for the resolution of disputes between the employer (department, education authority or agency) and employees and/or their bargaining agent. The procedure is a three level process whereby different persons examine an issue under contention.

A 'grievance' is defined as a statement of dissatisfaction, usually by an individual but sometimes by union or management, concerning interpretation of a collective agreement or work practice. If the three-level procedure does not resolve the issue to the satisfaction of the person who made the grievance, the matter may be referred to arbitration. In such situations, a third party (an education authority or a single arbitrator) acts under the authority of both parties. Witnesses may be called in or an examination of agreed statements of fact carried out. The final decision is issued in writing and is binding on both parties.

Procedures for NWTTA and UNW members to follow are included as an attachment to section 401 of the HR Manual. Time limits are specified and can be extended only through mutual consent.

4-002.3 Casual Employment (502d)

Staff hired on a casual basis perform work of a temporary nature for a period of four months or less. Casuals may work on special projects, or replace employees on leave. Casual employees are not seasonal, term, or indeterminate employees.

The GNWT is committed to hiring affirmative action candidates to fill casual employment job opportunities. Hiring must be in line with priority-hiring and student-hiring guidelines, the latter for summer employment opportunities only.

This section outlines approval and extension procedures for casual staffing requests, casual employment benefits, and termination of employment.

4-002.4 Conversion from Education Assistant to Teacher Position (504)

An education authority may request that an education assistant position be reclassified as a language or cultural specialist position when all the following conditions apply:

- job requirements have changed, and
- the position is required to perform teaching functions without supervision, and
- there is a vacancy.

An eligible education assistant may apply for an interim Aboriginal Languages Specialist teaching certificate. In such cases, the education authority superintendent is responsible for monitoring the employee during the period in which the interim certificate is valid. This is to ensure that requirements for achieving permanent certification are met. Upon successfully completing the language or cultural specialist teacher training, the employee may then apply for a permanent teaching certificate.

4-002.5 School Year Employees (601f)

This section applies to employees covered by the UNW collective agreement who work in schools but are not teachers (i.e. education assistants, school community counsellors, custodians, library technicians and other school employees), and whose regular work schedule follows the school year.

'School year' refers to the work year that starts a week before the first day of school (usually in September) and ends a week after the last day of school (usually in June).

Section 601f of the HR Manual outlines annual leave entitlements and prorating of pay periods over the 52 week period. Sections 22.12 through 22.15 of the UNW Collective

Agreement provide further clarification on School Year Employees, and the conditions that apply to them.

4-002.6 Deferred Salary Leave Plan (815)

The deferred salary leave plan gives teachers and all other employees the opportunity to take one year of paid leave while remaining employed. Participating employees agree to defer a portion of their salary for several consecutive years after which the employer grants the employee leave for six month or a year, using the amounts deferred in previous years to pay the employee's salary during the leave. Upon completing the leave, the teacher or other employee must return to the GNWT to work for a set period of time.

For teachers employed under the terms of the NWTTA collective agreement, the GNWT HR Manual should be consulted for details on the plan as none are provided in the agreement per se. A teacher must have at least four years of continuous service before being eligible to apply.

For those employed under the UNW collective agreement, both the GNWT HR Manual and the collective agreement should be consulted for details.

The number of teachers and other staff entering the plan each year must be determined by the Superintendent with due consideration to operational requirements.

4-002.7 Employee Recognition (1413d)

The GNWT honors those employees who have served for long periods of uninterrupted time with Government. This recognition serves as an acknowledgement of employee dedication and commitment. Criteria and milestones are outlined in the HR Manual.

4-002.8 Separation Assistance (1602h)

This section outlines the process to follow whenever a reduction in staff levels becomes necessary. Layoff is not to be used for terminating the employment of an employee with poor performance or misconduct issues. Rather, layoffs are considered when a change in departmental structure, responsibilities, and/or functions must be made to either reduce costs or increase effectiveness.

The section summarizes the conditions under which layoff notices are administered.

Information in the HR Manual is subject to change from time to time. The most current version of the Human Resource Manual can be viewed on the GNWT website at:

<http://www.hr.gov.nt.ca/policy/hrm/>

Other HR policies, guidelines, agreements and legislation can be found at:

<http://www.hr.gov.nt.ca/policy/>

4-003 Employee Family Assistance Program

The GNWT has an Employee Family Assistance Program (EFAP) to support employees, their partners and/or other immediate family members deal with personal problems that may impact on the employee's well-being and job performance.

Trained EFAP counsellors can help employees and/or their immediate families deal with personal difficulties such as:

- Anger
- Anxiety and stress
- Communication skills
- Depression, grief and loss
- Financial problems
- Physical, emotional and sexual abuse (child/adult)
- Relationship issues (partner, child, general)
- Self esteem issues
- Substance abuse (alcohol/drugs)
- Workplace issues

The program is free of charge, and each employee and/or immediate family member is eligible for up to six sessions per issue to be addressed.

Confidentiality and the respect of privacy are abided to in all cases. The EFAP does not inform the supervisor or anyone associated with the employee's place of work about the specific employee's participation. All communication and records are kept strictly confidential. Information can only be released with the employee's verbal or written permission or by a court order. It should be noted however, that in cases where children are at risk of harm, counselors are required by legislation to notify the appropriate authorities.

Employees can contact a trained counselor, 24-hours a day, seven days a week, by calling 1-800-387-4765 toll free or by logging on to the website at:

www.shepellfgi.com

More information on services provided on the GNWT website at:

<http://www.hr.gov.nt.ca/workplace/efap/>