

BUSINESS AND BOARD ADMINISTRATION	3000
BUDGET VARIANCE POLICY	3026

DRAFT- November 14, 2023

1. Rationale

On an annual basis Lakehead District School Board establishes its guiding principles ensuring they align with the strategic plan. These guiding principles are the building block of budget development. The budget is a record of decisions made, a mechanism for allocating financial resources and a means of managing activities in a planned and efficient manner. The ongoing management of the annual budget and the financial affairs of the Board require a process to report on a regular basis to Trustees and Senior Administration the actual results of operations in comparison to budget estimates and to establish the process whereby authority is granted to vary from expenditure limits and/or program priorities as established by the budget.

2. Policy

It is the policy of Lakehead District School Board that programs and activities related to the annual delivery of public education shall be governed by allocations approved during the budget process and adopted by the Board as the approved budget for that year. However, it is recognized that there are circumstances that arise during a fiscal period that result in actual revenues and expenditures varying from budgeted amounts.

3. Guidelines

3.1 The purpose of this policy is to ensure that actual activity is governed by the detailed decisions and resource allocations incorporated in the annually approved budget but that flexibility remains to react to actual circumstances which may occur as follows:

- actual enrolment different from projection;
- contracts settled at levels different from those anticipated by budget;
- system staffing is accomplished with experience and qualifications different from estimated;
- new or enhanced grant programs become available during the year;
- assumptions concerning general economic performance, such as inflationary trends and interest rates, differ from actual rates experienced; and/or
- other specific reasons for variation from budget.

3.2 Administration shall report projected budget variances during the school year as follows:

- each fall, when enrolment numbers are determined; and
- mid-way through the school year.

3.3 An annual report of variances between the approved budget and actual performance, as defined by the August 31 audited financial statements, shall be presented.

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- 3.4 Periodic and annual reporting will include specific analysis of contingency funds. This analysis shall detail the year-to-date distribution or allocation of the contingency funds.
- 3.5 Procedures established for reporting to the Board shall be in a format recommended from time to time by the Audit Committee and the Board, and shall focus on various levels of detail that are appropriate for the size of the function, department or activity being examined. Variance analysis shall also provide information regarding the Board's compliance with Ministry reporting requirements.

4. Review

This policy will be reviewed in accordance with Policy Development and Review Policy 2010.

<u>Cross Reference</u>	<u>Date Approved</u>	<u>Legal Reference</u>
Ontario Regulation 361/10 Audit Committees	November 1990 <u>Date Revised</u> June 24, 2003 May 24, 2016	