

# #18 Financial Accountability & Management

## BOARD POLICY

**Board Approval:** August 27, 2024  
**Effective Date:** September 1, 2024  
**Review Date:** N/A  
**Scheduled Review Date:** September 1, 2027

## PURPOSE

Headwater Learning Group (HLG) recognizes that financial accountability of all funds that flow through HLG operations, whether provincially or donor granted, generated from tuition related or non-tuition related fees or any other source, is essential to ensure the trust of our stakeholders and the integrity of services that we offer to our students and school community.

## DEFINITIONS

**Board** – The Boards of Directors of Calgary Academy (CA), Headwater Learning Foundation (HLF) and Headwater Learning Solutions Foundation (HLS), otherwise known as the Headwater Learning Group (HLG).

**Chief Executive Officer (CEO)** – The head of operations of each of the three entities of HLG.

**Conflict of Interest** – occurs when an individual's personal interests from family, friendships, financial or social factors could compromise their judgement, decisions or actions in the workplace or board governance.

**Employee** – An individual who is working under an employment relationship within an entity of HLG.

**Executive Leadership Team (ELT)** – The group of senior leaders of the entities within HLG as organized and designated by the CEO.

**Fair Market Value (FMV)** – The price a product would sell for on the open market assuming both the buyer and seller are reasonably knowledgeable about the asset, are behaving in their own best interests, are free from undue pressure, and are given a reasonable time period for completing the transaction. The Private Schools Regulation (AR127/2022) outlines that FMV must be determined by an accredited appraiser of the Appraisal Institute of Canada. (Section 24(6)).

**Headwater Learning Group (HLG)** – the term for three independent charitable organizations: Calgary Academy Society, Headwater Learning Foundation and Headwater Learning Solutions Foundation.

**Internal Controls** – Policies and procedures put in place to ensure the continued reliability of accounting systems that ensure an adequate division of responsibilities between those individuals that perform accounting procedures or control activities and those individuals that handle assets.

**Regulation** – A rule or order issued by a government agency which defines the application and enforcement of legislation. Specific to this policy, Regulation means the Alberta Private Schools Regulation (AR 127/2022) and the Superintendent of School Regulation (AR 146/2003).

**Related Party Transaction** – A deal or arrangement between two parties who are joined by a pre-existing business relationship or a common interest.

**Representatives** – Board Directors and contractors of HLG.

**Senior Manager(s)** – an employee of, or contractor for, HLG, including any board members that are also employees, with the responsibility to plan, direct or control the management, administration, and operation of the funded private school.

**Stakeholders** – Employees, Representatives, students, parents, community members, and individuals who share a common interest in HLG.

## GUIDELINES

1. The Board of Directors retains oversight and has delegated to Senior Managers the authority to put in place procedures which comply with the Alberta Private Schools Regulations, and which follow Canadian accounting standards for not-for-profit organizations (ASNPO) in the handbook of the Chartered Professional Accountants of Canada (CPA) and reflect the most effective practices to ensure transparent and ethical use of all HLG funds. The Board is committed to an annual review of all recommendations flowing from HLG audited Annual Financial Statements. Specifically, procedures will address:

a) **Internal Controls**

i) **Segregation of duties** – ensuring that duties are separated as much as possible, subject to the staffing compliment. If segregation is not feasibly possible, mitigating controls exist including substantial overview of financial results through the regular review of the financials and variance analysis by Senior Managers, the CEO and the Board. Specific areas that have segregation of duties are:

- (1) Authorization or approval;
- (2) Custody of assets (will be separated from accounting to enable a good audit trail);
- (3) Recording transactions; and
- (4) Reconciliation/control activity.

b) **Capital assets** – ensuring that all capital assets are properly accounted for by ensuring that there is:

- i) Authorization or approval for expenditure;
- ii) Authorization or approval for disposal;
- iii) Verification of title to asset purchased; and
- iv) Periodic (at least annually) audits of fixed asset inventories.

c) **Reimbursement of expenses** – confirming all expense claims and reimbursements are properly accounted for by ensuring that there is:

- i) A clearly defined expense reimbursement procedure;
- ii) Receipts are attached to all claims;
- iii) Supervisor review and approval prior to submission for payment; and
- iv) Annual auditing of a sample of employee reimbursement claims.

d) **Investments** – safeguarding all investments by ensuring that there is:

- i) A clearly defined investment procedure;
- ii) Compliance letter confirmations as applicable for external investment advisors;
- iii) Verification of title to investments purchased; and
- iv) Reconciliation of investments to monthly statements.

2. HLG is committed to maintaining neutrality and impartiality in all financial transactions and management decisions. Senior Managers and Stakeholders must act in accordance with all Board Policies including No. 05 – Code of Conduct and refrain from and report any real or perceived Conflicts of Interest.
3. HLG is committed to ensuring that Senior Managers, with respect to financial matters:
  - a) Provide regular financial reports to the board including variance explanations;
  - b) Make financial decisions and allocate resources according to HLG's strategic plan, annual budget, mission, and mandate;
  - c) Comply with all legislated and regulatory requirements;
  - d) Provide transparency and accountability for all financial transactions; and
  - e) Provide appropriate oversight over all financial operations.
4. HLG is committed to ensuring the total compensation broken down by category for applicable Senior Manager position(s) as per Private Schools Regulation AR 127/2022 Section 27 aligns with regulations and must be:
  - a) Approved by the Board on an annual basis and whenever any compensation change is proposed; and
  - b) In compliance with the compensation amounts and conditions outlined in the Private Schools Regulation AR 127/2022, Section 28 - 32 and 34.
5. HLG charitable organizations are considered related by the fact the board members of all organizations are the same. Fair Market Value contracts exist between the organizations and all transactions are in the normal course of operations and are measured at cost. Balances due to and from the HLG charitable organizations represent unsecured advances with no specific terms of repayment and bear no interest.

## REFERENCES

Alberta Private Schools Regulation (AR 127/2022)

Education Grants Regulation (AR120/2008)

Superintendent of School Regulation (AR 146/2003)

## CROSS-REFERENCES

Amended and Restated By-Laws of Calgary Academy Society dated November 15, 2023

Amended and Restated Articles of Association of Headwater Learning Foundation dated November 15, 2023

Amended and Restated Articles of Association of Headwater Learning Solutions Foundation dated November 15, 2023

Board Policy – Role of the Board

Board Policy – Role of the CEO

Board Policy – Code of Conduct

C-08 – Professional Code of Conduct Procedure

D-02 – Internal Controls Procedure