Montessori Education
Finance and Governance Policy

1. Purpose

The purpose of this policy is to ensure financial management and governance oversight within the school authority, aligned with Alberta Education regulations.

This policy outlines the responsibilities, and actions required to maintain fiscal integrity, transparency, and accountability.

2. Scope

This policy applies to all members of the governing body, senior management, staff, volunteers, and contractors involved in the financial management and governance of the school.

3. Definitions

3.1. Senior Management Roles

Section 1 of the *ECS Regulation* states that:

> (g) “senior management contractor” means an individual engaged for services by the operator of a funded private school to plan, direct or control the management, administration and early childhood services program provided by the operator;
>
> (h) “senior management employee” means an individual employed by the operator to plan, direct or control the management, administration and operation of an early childhood services program provided by the operator;
>
> (i) “senior manager” means a senior management employee or a senior management contractor.

The Board Chair, President, Executive Director, and Principal are the “senior managers” or the “senior management employee” of the school.

Other positions such as Secretary, Treasurer, Finance / HR / IT Managers, etc. might also be considered as Senior Management if necessary.

a. Internal Controls:

- Definition: are policies and processes that ensure integrity of financial and accounting information.
- Purpose: to eliminate risk of errors, irregularities, and opportunities for fraud. To provide accountability for and stewardship of public funds.

b. Segregation of Duties:

- Definition: segregation of duties is an internal control procedure implemented to reduce the risk of errors and fraud. An emphasis is placed on separating the individuals who makes business decisions from those providing accounting estimates.
- Purpose: a practice to limit the risk of negligence and misconducts.

c. Capital Assets:

- Definition: capital assets are significant pieces of property like school building or vehicles.
- Purpose: to outline appropriate use of capital assets, and processes for purchasing and sale of these assets.

d. Conflict of Interest:

- Definition: a conflict of interest occurs when an individual's personal interests – family, friendships, financial or social factors – could compromise his or her judgement, decisions or actions in the workplace.
- Purpose: to ensure all board members and employees inform the operator of conflicts of interest, allowing steps to be taken to ensure everyone acts in the best interest of the School.

(j) **Internal Controls**

Objective: To establish processes ensuring integrity of financial and accounting information.

a. Segregation of Duties: Separation of Decision-Making and Accounting Tasks

The school shall implement strict segregation of duties to ensure that decision-making processes are separated from accounting tasks. This segregation is essential to prevent conflicts of interest, fraud, and errors in financial reporting.

Key roles and responsibilities will be distributed among different individuals to ensure checks and balances within the financial management system.

b. Capital Assets Management

The school shall establish and maintain comprehensive procedures for the management of capital assets. These procedures will cover aspects such as assessment, purchase, use, and disposal of capital assets.

c. Reimbursement Procedures

- Out-of-Pocket Expenses: Principal, Executive Directors and other Senior Managers can incur any reasonable out of pocket expenses under 1000 dollars (one thousand dollars) **per month**. Any expenses over 1000 dollars must be approved by the Board.
- Documentation Requirements:
  - Claimants must provide original receipts and a detailed explanation of the expenses incurred. For expenses more than $1,000, the “Expense Form” must be completed and submitted.
  - Reimbursement requests must be submitted within 10 days or 2 weeks from the date of the expense, to be included in the next semi-monthly pay.
- Professional Development
  - Proposals must be submitted to the Board Chair at least 30 days before the event.

- Exceptions may be considered based on the importance, urgency of the request and on a case to case basis. If the proposal is not approved, the individual will be expected to cover the costs out of pocket if they wish to attend.

(k) **Roles and Responsibilities of Senior Management**

Objective: To provide clear guidelines on the roles and responsibilities of senior management employee

a. Board Chair

5.1.1. Role Overview:

School boards are responsible for acting in the best long-term interest of the organization to the community and will bring to the task informed decision-making, broad knowledge, and an inclusive perspective.

5.1.2. Responsibilities and Duties:

- Prepare for and participate in board meetings;
- Listen to others' views, advocate personal views, identify common interests and alternatives, and be open to compromise;
- Support governance decisions once made;
- Participate in the review of the organization's mission and vision and the development of a strategic plan;
- Help the Executive Director to monitor the performance of the organization in relation to its mission, vision, core values, and philosophy;
- Abide by the by-laws, code of conduct, conflict of interest, and other policies that apply to the board;
- Participate in the approval of the annual budget and monitor the financial performance of the organization in relation to it;
- Help, establish, review, and monitor operational policies;
- Participate in the evaluation of the Executive Director;
- Identify prospective board members and possibly help recruit them;
- Participate in the evaluation of the board itself (annual board self-evaluation);
- Contribute to the work of the board as a member of a board committee;
- Attend and participate in the Annual General Meeting;
- Be an ambassador for the organization, ensure one's involvement is known within personal network;
- Keep informed about community issues and concerns relevant to the mission and vision of the organization;
- Oversee the financial health of the school, including approval of budgets, financial statements, and ensuring compliance with financial policies and regulations

- Engage in strategic planning to set long-term goals and objectives for the school, ensuring alignment with its mission and vision;
- Review, approve, and monitor the implementation of organizational policies to ensure they are up-to-date and effective;
- Promote the organization's mission and programs to the public, potential donors, and stakeholders;
- Ensure the organization adheres to legal and ethical standards and practices;
- Contribute to creating a positive and inclusive organizational culture that aligns with the organization's values;
- Be prepared to participate in crisis management and decision-making during organizational emergencies.

5.2. Executive Director

5.2.1. Role Overview:

She/He is responsible for the effective operation of the school, including general administration of all instructional business or other operational duties. She/He will administer and supervise the school, lead the development of educational programs, implement the vision and mission, and serve as a strong advocate of the school's core philosophy and values.

5.2.2. Responsibilities and Duties:

Compliance and Regulations

- Act as a primary point of contact for regulatory bodies' (i.e. Ministry of Children Services, Alberta Education,);
- Ensure adherence and compliance with all applicable laws, regulations, certifications, and accreditations;
- Develop and implement policies and procedures in direct compliance with applicable regulations;
- Collaborate to develop and implement the curriculum and educational programs;

Operations Management

- Oversee all operations within the non-profit organization to ensure accountability to stakeholders (i.e. students, principal, teachers, parents, staff, etc.);
- Establish and maintain professional and cooperative working relationships with all stakeholders;
- Manage overall record-keeping responsibilities, including financial records, student registrations, and employment records;
- Review financial and non-financial reports to identify solutions or areas for improvements;
- Communicate issues, concerns, and needs to the School Board;
- Collaborate with the School Board to set economic objectives, financial and

accounting policies, and other fiscal policies and practices as necessary;

- Provide financial reports to the School Board and other agencies as required by law;
- Perform other duties as required.

5.3. ECS Coordinator

5.3.1. Role Overview:

The ECS Coordinator must report to the Executive Director and serves as the educational leader and supervisor for teachers and educational assistants. The Coordinator is responsible for the proper implementation of educational programs, policies, regulations, and procedures, ensuring all students, teachers, and staff operate in a safe and positive working environment. The acting coordinator will take the steps necessary to obtain Leadership Quality Standard (LQS) certification after receiving permanent certificate.

5.3.2. Responsibilities and Duties:

- Collaborate with the Executive Director on curriculum development, extracurricular activities, educational standards accreditations, Teacher Growth, Supervision, and Evaluation, personnel management, emergency procedures, and facility operations;
- Supervise and support teachers in developing lesson plans adhering to the approved yearly curriculum, including classroom activities, field trips, educational programs, etc;
- Supervise the instructional programs of the school, regularly evaluating lesson plans and observing classes;
- Establish outstanding rapport with students and staff, maintain the highest ethical and keep the school owners informed of any incident endangering a child, staff member, school property, facility, etc;
- Work with the Executive Director to assess and address the physical, social, emotional, and cognitive needs affecting student's success, and formulate plans to achieve goals;
- Maintain effective communication with students, parents, teachers, staff, and other school personnel;
- Collaborate with the Executive Director to provide a safe, inclusive, and healthy working environment, free from bullying, discrimination, and harassment;
- Supervise teachers and staff in a positive and respectable manner;
- Report to and carry out directives from the Executive Director to manage and fulfill reporting duties with Alberta Education;
- Report to and carry out directives from the and Board Chair to meet and maintain the Leadership Quality Standard, consistently demonstrating and upholding all required competencies;
- Commit to creating a welcoming, caring, respectful, and safe learning and working environments that foster diversity and a sense of belonging;
- Report to and carry out directives from the Executive Director and Board Chair implement professional growth, supervision and evaluation processes and procedures ensuring all teachers meet the Teaching Quality Standard.
- Report to and carry out directives from the Executive Director and Board Chair as part

of the school's leadership team to ensure smooth and effective operations;

- Provide effective operational feedback;
- Maintain the schools' educational climate and working environment that encourages, supports, and actively contributes to outstanding student learning outcomes, parent engagement, and teacher's professional development;
- Oversee staffing (teachers & educational assistants) as well as interfacing with Parent Advisory Committees (PAC), and if necessary, summarize and report meeting minutes to the board regarding parents' issues and problems.
- Learn, understand, and ensure compliance with all school policies;
- Promote positive attitudes among students and staff towards themselves, each other, the school facilities and equipment, and the broader school community;
- Perform other additional duties as required.

5.4. Capital Assets

Purpose & Scope

- This policy governs the acquisition, tracking, safeguarding, amortization, and disposal of Tangible Capital Assets (TCAs) owned or leased by the ECS Operator. It ensures strict compliance with the Alberta Education Funding Manual, provincial governance requirements, and Accounting Standards. This policy applies to all operations, facilities, and staff funded under the ECS mandate.

Governance & Accountability

- Public Access: This policy must be made publicly available on the organization's website or provided immediately upon request to any stakeholder.
- Board Composition: More than half of the Board of Directors must be independent, arm's-length members to oversee financial operations and asset approvals.
- Policy Review: The Board must formally review and re-approve this policy every three years or sooner if Alberta Education updates its financial mandates.

Internal Controls & Segregation of Duties

- To safeguard public funds and non-profit assets, the organization enforces strict segregation of financial duties:
- Purchasing: The Executive Director may authorize capital expenditures up to $5,000 within the approved budget. Amounts exceeding $5,000 require formal Board approval.
- Recording: The internal accountant or bookkeeper maintains the Capital Asset Ledger. This individual cannot have authorization to approve purchases or dispose of assets.
- Verification: An annual physical inventory audit must be conducted by an employee or Board member who does not have day-to-day custody of the assets.

Capitalization Thresholds & Categories

- An item is recognized as a Tangible Capital Asset if it has a useful life extending beyond one fiscal year and meets the minimum cost thresholds outlined below. Items falling below these thresholds must be expensed immediately as operational supplies.

Asset Category	Description / Examples	Cost Threshold (CAD)	Amortization Method / Rate
Land	Facility grounds, owned lots	Capitalize all	N/A (Infinite life)
Buildings	Permanent operational structures	$25,000+	Straight-Line (25–40 years)
Leasehold Improvements	Permanent renovations to a leased facility	$5,000+	Straight-Line (Remaining term of lease)
Vehicles	School buses, specialized transport vans	$5,000+	Straight-Line (5–8 years)
Equipment & Furniture	Industrial playground structures, commercial kitchen units	$1,000+	Straight-Line (5–10 years)
Computer Hardware / IT	Laptops, servers, smart boards, networks	$1,000+	Straight-Line (3–5 years)

Valuation and Amortization
- Historical Cost: Assets are recorded at actual purchase cost. This includes delivery fees, installation costs, and non-refundable taxes.
- Donated Assets: Capital items donated by third parties are recorded at Fair Market Value (FMV) on the exact date of receipt and recognized as donation revenue.
- Amortization Rule: Amortization is calculated annually using the straight-line method. A full year of amortization is claimed in the fiscal year the asset is placed into operational service.

Physical Safeguarding & Asset Tracking
- Asset Tracking: All capital equipment, vehicles, and electronics must receive a unique physical asset tracking number within 14 days of acquisition.
- Asset Register: The localized ledger must record the tracking number, purchase date, cost, funding source (e.g., provincial grant vs. fundraising), location, and serial number.
- Impairment: If an asset is permanently damaged, destroyed, or no longer contributes to ECS programming, its value must be written down in the ledger immediately.

Disposal of Assets & Government Commitments
- Board Approval: Any asset disposal (sale, scrap, trade-in, or donation) with a remaining Net Book Value (NBV) exceeding $1,000 requires formal written Board approval.
- Alberta Education Authorization: If an asset was originally purchased using targeted provincial capital grants, the operator must request formal authorization from Alberta Education prior to disposal.
- Financial Reporting: Any proceeds generated from a sale must be balanced against its remaining Net Book Value. Net gains or losses must be reported transparently on the Annual Audited Financial Statements.

5.5. Investment Policy Statement

Purpose & Scope
- This policy defines the parameters, constraints, and responsibilities governing the investment of the Organization’s surplus cash, operating reserves, and restricted funds. The primary objective is to safeguard the financial health of the ECS program while strictly complying with Alberta Education financial mandates.

Standard of Care and Governance

- Prudent Investor Rule: In accordance with the Alberta *Trustee Act*, the Board of Directors must exercise the care, skill, diligence, and judgment that a prudent investor would exercise in managing the property of another person.
- Public Availability: As part of governance transparency for independent ECS operators, this investment policy must be made publicly available to stakeholders upon request.
- Conflict of Interest: No Board member, officer, or employee involved in the investment process may participate in any investment decision from which they stand to gain a personal financial benefit.

Investment Objectives
The Board will manage funds based on a strict hierarchy of three competing objectives:
- Preservation of Capital: Minimizing the risk of principal loss is the absolute priority. Public operational grants and non-profit reserves must not be placed in speculative instruments.
- Liquidity: Ensuring sufficient funds are liquid and accessible to meet short-term operational obligations, payroll, emergency facility repairs, and cash-flow cycles dictated by provincial grant disbursements.
- Yield Optimization: Maximizing investment returns, but only *after* satisfying the absolute requirements for capital preservation and liquidity.

Permitted & Prohibited Investments
2 (1) “ Securities” includes bonds, debentures, trust certificates, guaranteed investment certificates or receipts, certificates of deposit, deposit receipts, bills, notes and mortgages of real estate or leaseholds and rights or interests in respect of a security.

(2) The board may only invest it’s money in the following;
(a) Securities issued or guaranteed by
    (i) the Crown in right of Canada or an agent of the Crown, or
    (ii) the Crown in right of a province or territory or an agent of a province or territory;
(b) securities of a municipality;
(c) securities that are issued or guaranteed by a bank, treasury branch, credit union or trust corporation;
(d) units in pooled funds of all or any of the investments described in clauses (a) to (c);
(e) shares of a corporation incorporated or continued under the Canada Business Corporations Act (Canada) or incorporated, continued or registered under the Business Corporations Act if the Investment is approved by the Minister.

(3) The approval of the Minister under subsection 2(e) of the Investment regulation may contain conditions and a board may not acquire shares of a corporation under subsection 2(e) if the acquisition would allow the board to control the corporation.

Reporting & Policy Review
- Management Reporting: The Treasurer or Executive Director will present an updated Investment Register to the Board on a quarterly basis, outlining current balances, maturities, financial institutions utilized, and yields earned.
- Annual Audit: All investment accounts, interest earned, and asset classifications must be fully disclosed to the external auditor for integration into the annual Audited Financial Statements submitted to Alberta Education.
- Policy Review: The Board must review and re-authorize this policy annually to ensure ongoing alignment with regional banking conditions and provincial oversight expectations.

5.6. <u>Establish a code of conduct for board members.</u>

- If a board member encounters a potential conflict of interest with the organization, they must promptly declare the conflict and withhold from participating in any discussions or decisions related to the matter until it is resolved.

5.7. Conflict of Interest Declaration/Impartiality in Decision-Making

Purpose

The purpose of this Conflict of Interest (COI) Policy is to ensure that the governance, manageme nt, staff, and volunteers of the organization act in the best interests of the organization and its beneficiaries. This policy establishes procedures for identifying, disclosing, and managing real, potential, and perceived conflicts of int erest, in compliance with Alberta's Societies Act, ECS Regulations (Alta Reg 126/2022), and best practices for non-profit organizations.

Scope

This policy applies to the following individuals:

- Members of the Board of Directors
- Senior Management Employees and Contractors
- Staff involved in financial, contractual, or strategic decision-making
- Volunteers, committee members, and consultants engaged in organizational
- governance or program oversight

Definition of Conflict of Interest

- A conflict of interest occurs when an individual's personal, financial, or professional interests interfere, or appear to interfere, with their duties to the organization, including si tuations that could improperly influence:
- Decision-making on contracts, grants, or procurement
- Hiring, promotion, or evaluation of staff
- Allocation or use of organizational resources
- Any other activity where private benefit could conflict with organizational objectives

Examples:

- A board member awarding a contract to a company they own or in which a family memb er has an interest
- Accepting gifts, hospitality, or incentives exceeding nominal value from vendors, suppliers, or contractors
- Holding positions on the boards of competing organizations

Disclosure Requirements

- Immediate Disclosure: Any new, potential, or perceived conflicts that arise during the year must be disclosed within five (5) business days.
- Documentation: Disclosures must be submitted in writing to the Board Chair, or designated COI person.

Management of Conflicts

- Recusal: Individuals with a conflict must refrain from participating in discussions, decisionmaking, or voting on relevant matters. They must leave meetings during deliberations where a conflict exists.
- Review Committee: The Board or a designated COI Committee shall review all disclosures and determine appropriate management strategies.
- Mitigation Measures: May include divestment of conflicting interests, reassignment of duties, confidentiality agreements, or other steps deemed necessary to protect organizat ional integrity.

Gifts, Hospitality, and Benefits

- Incidental hospitality (e.g., business lunches) is allowed if it does not influence decisions.
- Cash or equivalents are strictly prohibited.

Record-Keeping

- All COI declarations, meeting minutes, and actions taken to manage conflicts must be re tained for a minimum of seven (7) years.
- Records are retained by the Secretary of the Board or designated COI Officer and acces sible to auditors, the Board, or regulatory authorities as required.

Enforcement

- Noncompliance may result in disciplinary action, up to and including removal from committee or board membership, termination of employment, or legal remedies.
- Authority to enforce the COI Policy rests with the Board of Directors for senior personnel and with the CEO or designated officer for staff and volunteers.

Annual Review

- The COI Policy shall be reviewed annually by the Board of Directors to ensure compliance with Alberta legislation, ECS regulations, and best practices.
- Updates shall be communicated to all covered persons

Acknowledgment

- All covered persons must agree to comply with the requirements outlined herein

5.8. Board Meeting Frequency and Attendance

- The board shall meet at least once every term (Term 1: Sept-Dec; Term 2: Jan-March; Term 3: April-June) and the Annual General Meeting (AGM). Additional meetings may be scheduled as needed.
- Board members are required to attend a minimum of 50 % of all scheduled meetings annually. In the case of not meeting the minimum requirement, board members must inform the rest of the board in advance.

5.9. Organizational Structure and Authority Levels

The school maintains a clear organizational structure outlining the roles and responsibilities of board members, executive staff, and other key personnel.

- The Executive Director and ECS Coordinator have the authority to sign off on financial transactions up to $1,000 per month. This authority includes, but is not limited to, approving expenditures, and purchasing school supplies on behalf of the school within this financial limit.
- Any financial transactions exceeding $1,000 **per month** require the explicit approval of the Board. No exceptions to this rule are permitted. All transactions above this threshold must be documented and presented to the Board for review and approval.
- The monthly allowance resets 30 days from the previous expense.
- Bin Zhao is the school’s Auditor and charted accountant.

5.10. Level of direct authority:

- The ECS Coordinator is the direct authority for teachers, ensuring each teacher meets the competencies in the "Teaching Quality Standard."
- The Executive Director is the direct authority for all staff regarding HR matters.
- The School Board, represented by the Board Chair, is the direct authority over the Executive Director.

5.11. Final Decision Authority:

The Board shall have the final decision on all matters, including financial oversight, strategic planning, and policy approval. This ensures that all major decisions are made with collective knowledge and in the best interest of the school.

(l) **Senior Management Compensation**

Montessori Education adheres to the compensation criteria outlined in Sections 21-27 of the *Early Childhood Services Regulation*.

Objective: To provide guidance on aspects of senior management compensation not addressed in regulation.

a. Section 22: Base Salary (Education Act: Early Childhood Services Regulations)

- The compensation for senior management of the school is below the maximum base salary applicable in respect of a level 2 board in accordance with Schedule 1 of the Superintendent of Schools Regulation (AR 98/2019).
- Non-Grant Funded Salary: The operator may offer a base salary exceeding the amounts specified in subsections (2) and (3) if funded from sources other than a grant under the Education Grants Regulation.

b. Section 23: Bonus, Allowance, or Other Incentive Pay (Education Act: Early Childhood Services Regulations)

No bonuses, allowances, or other incentive pay shall be offered, paid, or provided to a senior management employee if funded by a grant under the Education Grants Regulation.

c. Section 24: Benefits (Education Act: early Childhood Services Regulations)

- Temporary paid leave from a job assignment with salary and benefits intact as per the employment contract of a senior management employee.
- Prohibited Considerations: Administrative leave, executive/private medical benefits, gym/fitness/club memberships, housing allowances, or any related reimbursements, unless funded from non-grant sources.
- Additional Benefits: The operator may offer additional benefits beyond those listed if funded from non-grant sources.

d. Section 25: Severance Pay (Education Act: Early Childhood Services Regulations)

- Severance pay funded by a grant must not exceed 4 weeks of the base salary and 16% of benefits cost per year of continuous service, up to a maximum of 52 weeks.
- Senior management employees must agree to repay severance if reemployed by a board, another funded private school, or the Crown during the severance period.
- The amount to be repaid is based on the salary earned from new employment during the severance period, up to the amount of severance paid.
- Severance pay from grants is not applicable for termination for cause, non-renewal of contracts, resignation, retirement, or due to compensation changes under this regulation.

e. Section 26: Senior Management Contractors (Education Act: Early Childhood Services Regulations)

- Service fees funded by a grant must not exceed the maximum base salary payable to a senior management employee under Section 22.
- No bonuses, allowances, or incentive pay funded by grants are allowed for senior management contractors.
- Termination payments funded by grants must not exceed the equivalent of 4 weeks of the base salary and benefits cost per year of continuous service, up to 52 weeks, as if the contractor were an employee.
- This limitation does not apply to termination payments funded from non-grant sources.

(m) **Implementation Steps**

a. Policy Development:

- A policy development committee shall be formed, including board members, senior management, and external advisors to draft new policies.
- Policies will be drafted to ensure alignment with provincial regulations and best practices.

b. Approval

- The draft policy shall be presented to the Board for review and approval.
- Once approved, the policy will be communicated to all stakeholders, including staff and volunteers.

c. Training and Awareness:

- Training sessions will be conducted for board members, senior management, and relevant staff on the new policy if necessary.
- Ongoing support and resources will be provided to ensure understanding and compliance.

d. Monitoring and Review:

- A monitoring mechanism shall be established to regularly review policy implementation.
- Annual audits will be conducted to assess compliance and identify areas for improvement.
- Policies will be reviewed and updated as needed to reflect changes in regulations or organizational needs.

Reviewed or updated;

September, 2020

September, 2023

September, 2025

May, 2026