



**RETURN DATE:** The Statement of Per Student Operating Costs (SOPSOC) Form and Auditors' Report must be received by the Ministry of Education **NO LATER THAN OCTOBER 15, 2019.**

- ALL independent schools classified as Group 1, including schools operating under a Distributed Learning Agreement, and received grant funding for the 2018/19 school year must complete the SOPSOC Form.
- This also includes independent schools that are not currently in the Group 1 classification and wish to qualify for Group 1 classification for the 2019/20 school year.

Please share this information with your financial practitioner.

**NEW for 2018/19 Statement of Per Student Operating Cost (SOPSOC) Process**

- Auditors' Report (CAS 805 – updated Sample Auditors' Report on page 4) is required to be submitted to the Ministry with the completed SOPSOC Form.
  - Failure to provide this Auditors' Report with the SOPSOC form to the Ministry can result in grant instalments being withheld, reduced or discontinued.  
(Section 12 of the *Independent School Act*; Section 2 of the Independent School Regulation)
- Your auditor is qualified under the Act and must have the appropriate licensing (Audit category) with the Chartered Professional Accountants of British Columbia (CPABC).

**FREQUENTLY ASKED QUESTIONS**

**Which expenses are exempt by the *Independent School Act* and Ministerial Order as "operating costs"?**

School capital expenditures, principal and interest payments on capital debt, cost of leasing facilities and property tax payments are exempt.

**Must costs for transportation, bonuses to teachers, teaching aides, snow removal, building maintenance and grounds work be included as operational expenses for purpose of completing the school's SOPSOC?**

Yes.

**Must extra-curricular expenses be included as operational expenses for purpose of completing the school's SOPSOC?**

Yes, if the expenses were related to extra-curricular activities which are part of the school's curriculum.

No, if the extra-curricular activities were not part of the school's curriculum, i.e. not required as part of a course and the activities were funded by individuals or organization other than the school.

**If a school receives a donation in kind from an individual or other organization, must the dollar value of the gift be calculated in as an operating expense for purpose of completing the school's SOPSOC?**

No, unless the gift exempts the school from an expense it must provide to operate.

For example, the dollar value of a gift for a teacher's salary, classroom textbooks, or electricity costs must be included. However, if a gift of new band uniforms, playground climbing apparatus or repaving of the parking lot received from an individual, PAC or PTA, or business, etc., would not need to be included as an operating cost, as long as no payment was expended by the school for these "extra" items.

**Must a depreciation allotment in the school's budget be included as an operating expense?**

No, as it is not an actual expenditure paid by the school that year.

**Must bad debts or tuition arrears be included as operating expenses?**

No, while this is a loss of income to the school, this is not an actual expenditure paid out by the school. The SOPSOC calculates actual school expenditures for the school year.



**Our school operates a pre-school and a K-6 school in the same building. How should we account for this?**

Operating expenses need to be pro-rated in a reasonable manner, e.g. electricity costs are frequently pro-rated according to the number of students or square footage of a building attributed to each program.

**Must cafeteria and summer school costs be included as operational expenses for purpose of completing the school's SOPSOC?**

No, non-instructional cafeteria costs and summer school expenses do not need to be included.

**Must student dormitory costs be included as an operational expense for purpose of completing the school's SOPSOC?**

Yes, this expense is included as an operational cost in public school districts which provide dormitory facilities.

**Can a provincial operational grant issued to an independent school exceed the operating costs of the school?**

No, the grant paid to an independent school must not exceed the operating costs of the school.

**FORM COMPLETION**

All parts of the form are to be completed prior to submitting to the Ministry.

**School Code**

= 8 numeric digits as indicated on the funding statement

**School Name**

= school name as indicated on the funding statements

**City**

= school is located

**Authority No.**

= 3 numeric digits as indicated on the funding statement

**Authority Name**

= authority name as indicated on the funding statement

**Part A**

= Enter the Total operating costs of the school for the 2018/19 school year

**Part B**

= Enter the Total costs expended for special education students for the 2018/19 school year who met the criteria in 2.B (a) or (b) of the Per FTE Student Cost Order.

**Part C**

Enter the total operating costs for the 2018/19 school year for the per-student operating cost calculations purposes, calculated in accordance with the Per FTE Student Cost Order

= Part A Total LESS Part B Total

**Part D**

= Enter the number of Full-Time Equivalent (FTE) students enrolled in the 2018/19 school year as reported in Section II of the 2018/19 Eligible Student form

**Part D – For Distributed Learning Schools Only**

= Enter the number of verified Full-Time Equivalent (FTE) students as reported on the DL 1701 Data Collection Reports for the 2018/19 school year (Funding Statement 46841)



**Part E**

Enter the number of registered home schoolers as reported on the January 2019 Eligible Student Funding Statement (Report 4585) from the 2018/19 school year  
= Number of Registered Home Schoolers DIVIDED by 16

**Part E – For Distributed Learning Schools Only**

Enter the number of registered home schoolers as reported on the Distributed Learning Funding Statement (Report 46841) from the 2018/19 school year  
= Number of Registered Home Schoolers DIVIDED by 16

**Part F**

Enter the Total Number of FTEs  
= Part D + Part E

**Part G**

Enter the Total Per FTE Student Cost  
= Part C DIVIDED by Part F



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SAMPLE AUDITOR'S REPORT

To the Board of Directors of [ABC School]

Opinion

We have audited the accompanying Statement of Per Student Operating Costs (the "Statement,") for [ABC School] ("the School") for the year ended June 30, 2019.

In our opinion, the accompanying Statement for the School for the year ended June 30, 2019 is prepared, in all material respects, in accordance with the financial reporting provisions of the Per Full-Time Equivalent ("FTE") Student Cost Order ("the Requirements") under 3(1)(a) of the Schedule to the Independent School Act of the Ministry of Education Office of the Inspector of Independent Schools for the Province of British Columbia ("the Ministry").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are independent of the School in accordance with the ethical requirements that are relevant to our audit of the Statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to the Requirements of the Ministry, which describes the basis of accounting. The Statement is prepared to assist the School meet the Requirements of the Ministry. As a result, the Statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Statement

Management is responsible for the preparation of the Statement in accordance with the Requirements of the Ministry, and for such internal control as management determines is necessary to enable the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the school's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's signature]

[City, Province]

[Date]

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**INDEPENDENT SCHOOL ACT**

[http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/independent\\_school\\_act\\_contents.pdf](http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/independent_school_act_contents.pdf)

**"capital expenses"** means

- (a) expenses incurred by an authority for and incidental to the acquisition of assets of a permanent or semi permanent nature,
- (b) expenses incurred in acquiring and developing sites for independent school purposes,
- (c) expenses incurred in purchasing, constructing, reconstructing, making major alterations to, furnishing and equipping buildings for independent school purposes,
- (d) expenses incurred in acquiring vehicles and their accessories, and
- (e) contingent and other expenses incurred that are of a capital nature

**"operating expenses"** means all expenses incurred by an authority that are not capital expenses and includes

- (a) expenses incurred in the operation, repair, maintenance and minor alteration of buildings used for or in connection with independent school purposes,
- (b) expenses incurred in the maintenance of furniture and equipment and the replacement of furniture and equipment,
- (c) expenses incurred in conducting feasibility studies and in securing options for sites or buildings required for independent school purposes or for use in connection with them, and
- (d) principal repayments and interest payments on debt incurred by the authority

**Reports, statements, records**

**6** An authority must submit to the inspector

- (a) reports and statements in the forms and at the times the inspector requires, and
- (b) on the closure of an independent school, the records the inspector may require.

**Grant**

- 12** (1) The minister must pay, out of money appropriated by the Legislature for that purpose, for the school year to each authority for each independent school for which that authority holds a certificate of group 1 or group 2 classification, a grant calculated in accordance with the regulations.
- (2) A grant for a school year must be paid in accordance with a schedule of payments set by the minister, with the first payment being made before February 1 in that school year and the last before December 1 in the next school year.
- (3) If an authority receives a grant in respect of an independent school for which the authority holds a certificate of group 1 or group 2 classification, the authority must only use the grant to pay operating expenses of that school.
- (4) A grant must not exceed the operating costs, as determined by the minister, of the independent school for the school year to which the grant applies.
- (5) If the inspector is satisfied that an independent school for which the authority holds a certificate of group 1 or group 2 classification has, during the school year for which a certificate of group classification has been given, ceased to comply with this Act and the regulations or a requirement of the inspector, the inspector may order grant instalments be withheld, reduced or discontinued.
- (6) If the inspector makes an order under subsection (5), the authority may appeal the order, within 60 days of the making of the order, to the minister whose decision is final.

### INDEPENDENT SCHOOL REGULATION

[http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/i/bcreg\\_262\\_89.pdf](http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/i/bcreg_262_89.pdf)

“eligible student” means a student

- (a) who is of school age, and
- (b) whose parent or guardian
  - (i) is, or was at the time of that parent’s or guardian’s death, a citizen of Canada or a permanent resident, as defined in the *Immigration and Refugee Protection Act* (Canada), who is or was at the time of the parent’s or guardian’s death, ordinarily resident in British Columbia, or
  - (ii) is lawfully admitted to Canada and is ordinarily resident in British Columbia.

### Reports

- 2 (2) An authority holding a certificate for group 1 classification for an independent school shall file with the inspector, on or before October 15 in a school year, an audited report in a form specified by the inspector stating the independent school's per FTE student costs as referred to in section 3 of the Schedule to the Act in order to qualify for a grant under the Act in respect of that independent school.
- (3) Where the inspector accepts the filing of a report after the date it is due under subsections (1) and (2), the report is deemed to be filed on time for the purposes of subsection (1) or (2), as the case may be.
- (4) A report referred to in subsection (1) (d) or subsection (2) must be audited by a person qualified under section 112 of the *Societies Act* to be an auditor of a reporting society.

### EDUCATIONAL STANDARDS ORDER

[http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/j/m41\\_91.pdf](http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/j/m41_91.pdf)

### Hours of instruction

- 3 (1) For the purposes of this section,
- "hours of instruction" means in respect of an independent school, an hour in which students of the independent school are in attendance and under supervision for the purpose of receiving instruction in an educational program, including work study and work experience programs, examinations or other learning activities provided by the authority, but does not include recesses, lunch periods and other scheduled breaks between classes;
- "school day" means a day scheduled as a day on which instruction is to be provided in an independent school.
- (2) In each school year, an authority must provide not fewer than the following hours of instruction to students enrolled in an educational program in an independent school operated by the authority:
- (a) to students in half day kindergarten, 450 hours of instruction; and
  - (a.1) to students in full day kindergarten, 850 hours of instruction.
  - (b) to all other students, 850 hours of instruction.
- (3) For the purposes of subsection (2), where an independent school is closed on a school day as a result of a strike or lockout, the hours of instruction scheduled for that school day shall be included for the purposes of calculating the hours of instruction of the independent school under subsection (2).
- (4) This section does not apply in respect of an educational program delivered in whole or in part through distributed learning.



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**PER FTE STUDENT COST ORDER**

[http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/j/m42\\_91.pdf](http://www2.gov.bc.ca/assets/gov/education/administration/legislation-policy/legislation/schoollaw/j/m42_91.pdf)

1 In this Order,

"operating costs" means an authority's "operating expenses", as defined in the *Independent School Act*, for operating an independent school but does not include principal repayments and interest payments on capital debt incurred by the authority, the cost of leasing facilities and the costs incurred for the payment of property taxes with respect to that school.

**SOCIETIES ACT**

[http://www.bclaws.ca/civix/document/id/complete/statreg/15018\\_01](http://www.bclaws.ca/civix/document/id/complete/statreg/15018_01)

**Persons qualified to act as auditor**

- 112** A person is qualified to act as an auditor of a society only if
- (a) the person is a member of, or is a partnership whose partners are members of, a provincial or territorial institute or ordre of chartered accountants, or a provincial or territorial organization of chartered professional accountants, within Canada, or
  - (b) the person is certified, under section 222 [*board function and liability*] of the *Business Corporations Act*, by the Auditor Certification Board continued under section 221 [*Auditor Certification Board*] of that Act.