



# Halton District School Board

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Report Number: 12025

Date: January 25, 2012

## INFORMATION FOR DECISION

TO: The Chair and Members of the  
Halton District School Board

FROM: Lucy Veerman, Superintendent of Business Services

RE: Cashless School Program/Online Payment Program

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### Recommendation

*Be it resolved that the Board approve the continuation of an online payment solution for school generated funds and that staff be authorized to proceed with an implementation plan for expansion to all schools subject to budget approval.*

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### Warrant

The following is in response to Board Motion M11-0088 approved on May 18, 2011:

*Be it resolved that a recommendation be brought back to the Halton District School Board with respect to continuation or cancellation of the cashless school program, no later than February 2012.*

### Background

Beginning in September 2007, the Halton District School Board introduced the “Cashless Schools” software as a pilot program in 1 elementary and 1 secondary school. Over the years, the pilot has expanded to its current level of 35 schools, which includes 8 secondary schools and 27 elementary schools. The “Cashless Schools” software, a product of First National Technologies (FNT), is an online solution available to parents for payment of school related activities.

Since the inception of the pilot, several reports have been presented to the board outlining the benefits, challenges, cost implications, volume of payments (both number of payments and dollar value) and the proposed roll out of the software to the remainder of the schools. The intent of these reports was to provide information that would enable Administrative Council and Trustees the ability to assess the results of the pilot and to determine if the software should be rolled out to the remainder of the schools. The last update (Report 11075) was presented to the Board on May 18, 2011 resulting in the motion noted above.

### Rationale

Throughout Ontario, schools collect payments from parents and students for activities which include, but are not limited to yearbooks, fundraising, curricular enhancements, charities, school events, etc. Across the province, it is estimated that \$567 million is raised annually by schools and school councils as a result of school generated activities (Jill Mahoney, May 10, 2007 Globe and Mail). For the year ended August 31, 2011, the Halton District School Board recorded school generated receipts of \$19 million (rounded) and related expenditures of \$18 million (rounded). Although the number of receipt transactions has not been specifically calculated, it is not unreasonable to estimate the number to range from a minimum of 550,000 to in excess of 1,000,000 annually. In the absence of an online payment solution, each of these transactions results in funds being manually collected, counted, tracked, recorded, and deposited.

In total, for 2010/2011, more than \$3.2 million (approximately 200,000 transactions) were directly deposited into school bank accounts using online payment, thereby avoiding this manual process. A summary of activity by school is included in Appendix A. Over time, if the rollout is extended to all schools, it is estimated that up to 80 % of school generated funds or \$16 million could be paid through the online solution. This also recognizes that parents also have the option of payment by cash or cheque. The online payment solution is not mandatory.

The Board has a responsibility to ensure all school generated funds are collected in accordance with Board policies/procedures and applicable legislation. This responsibility includes ensuring that all funds are adequately protected, that they are controlled through proper accounting procedures, and that accountability for the funds is maintained. Within HDSB schools, the individuals charged with this responsibility include the school principal/vice-principal, business managers (secondary), senior secretary (elementary), and other staff including teachers, department heads, coaches, etc. Prior reports to Board have identified the benefits of the online payment solution not only from the perspective of these individuals, but as importantly, from the perspective of the parents and students. Benefits of an online payment solution that have been identified by the users can be categorized as follows:

Convenience:

- Payments can be made online anywhere, anytime
- Exact change or need to make change is not required
- Minimizes/eliminates the need for forms to be sent home/returned to school
- Allows for efficient record keeping

Safety:

- Students do not have to carry cash
- Minimizes the loss/theft/misplacement of cash
- Ensures the security of all funds collected
- Eliminates errors in counting cash
- Risk management is improved since the potential for fraud is reduced with the decrease in cash handling

Time Efficiency:

- Reduces the amount of time by all staff/volunteers in counting money, recording information
- Staff can redirect the time they would have spent handling money to other priorities
- Teachers have indicated that their instructional time has increased since they no longer collect, count, and record funds
- Enhances the organization of trips and other activities
- Minimizes NSF cheques

Other:

- Money spent on the intended purpose
- ECO friendly
- Upcoming events and activity details can be communicated to parents online
- Increased level of volunteer support for fundraising activities (some principals have indicated that volunteers have declined to volunteer for fundraising activities if they have to collect and/or count cash).

Users have also identified challenges with the current online payment system. These challenges included the functionality of the current online payment system (software and support issues), communication and training. In the Spring of 2010, the two companies that partnered to deliver the Cashless Schools Software ended their partnership. The Board issued a Request for Proposal and First National Technologies, (one of the 2 former partners) was the successful vendor. During the transition to the new software, issues were encountered including missing, inaccurate and/or incomplete reports, former functionality missing or changed causing confusion with parents and staff, phone and email response times to parent questions/concerns by company representatives were poor. As a result of these issues, First National Technologies have adjusted their staffing levels and has met with HDSB staff to discuss concerns and review upgrades to the software. We are pleased with the progress we are seeing to date.

An enhanced communication and training strategy will address many of the challenges/concerns raised by the users. There still exists misinformation regarding the cost of the program to parents and the fact that the use of the software is not mandatory. Additional training would make understanding and navigation of the software easier for parents and would increase the benefits of the system.

In December 2011, a questionnaire was developed by the Research Department in conjunction with Business Services, based on a plan to explore community and staff support for the online payment program at all 35 participating schools. Questions were developed to gather levels of agreement/disagreement on certain aspects of the online payment program. The questionnaire was conducted electronically between December 11 and December 23, 2011. Typical response rates for optional surveys are between 10-15%. The response rate for this questionnaire was in excess of 37 % (users included school administrators, teachers, office staff, and parent/guardians per household). Overall, all groups identified support and are in overall agreement (percentages varied by user group) regarding the benefits and the continuation of this payment solution despite some of the challenges noted previously. Once again, an enhanced communication plan and training strategy would address many of these issues. A summary of the questionnaire results is included in Appendix B.

#### Practices at Other School Boards

In December 2011, the Ontario Association of School Business Officials (OASBO) Finance Committee established a subcommittee to review online payment options for school boards in Ontario. Members will be sharing information and best practices as well investigating a multi-board request for proposal for an online payment solution. A survey conducted in November 2010 by members of OASBO indicated that a number of school boards are currently using online payment solutions from various vendors.

#### Fees for the Online Payment Program

Fees for online payment programs include a board component and can include a parent/user component, depending on the payment method selected. It is possible for parents to use the online payment program without incurring fees. Since the introduction of the current online payment program (Cashless Schools), Board staff have been able to negotiate a favourable fee structure. The current fee structure is as follows:

#### Current Fee Structure – Board Component

(Based on student enrolment count in Trillium software as of October 31; payments for 10 months of the year)

Criteria	Student Usage < 50% and < \$10,000 collected during month	Student Usage > 50% or > \$10,000 collected during month	Student Usage >50% and >\$10,000 collected during month
Fee	\$0.25/student/month	\$0.45/student/month	\$0.75/student/month

#### Current Fee Structure – Parents/Students

##### **JK – Grade 8 Schools\***

- No charge if Cashless account is loaded with funds from one of the following methods:
  - Bank transfer or Pre-Authorized Debit  $\geq$ \$25 into account
- \$0.15/total purchase (regardless of number of items) if transfer < \$25 through Bank Transfer or Pre-Authorized Debit
- 2% of total purchase for use of Interac Online

##### **Middle Schools\***

- No charge if Cashless account is loaded with funds from one of the following methods:
  - Bank transfer or Pre-Authorized Debit  $\geq$ \$50 into account
- \$0.15/total purchase (regardless of number of items) if transfer < \$50 through Bank Transfer or Pre-Authorized Debit
- 2% of total purchase for use of Interac Online

##### **High Schools\***

- No charge if Cashless account is loaded with funds from one of the following methods:
  - Bank transfer or Pre-Authorized Debit  $\geq$ \$75 into account
- \$0.15/total purchase (regardless of number of items) if transfer < \$75 through Bank Transfer or Pre-Authorized Debit
- 2% of total purchase for use of Interac Online

\*The lowest rate applies to families with children in multiple schools. There is no requirement to keep a minimum balance in a cashless account and the balance of an account can be withdrawn by a parent at any time.

Implementation Plan

If approved, full implementation of the online payment program would have to be phased in over a number of years to ensure a successful transition. The allocation of resources to transition users, provide appropriate levels of training, and develop/deliver a comprehensive communication strategy are an integral and critical part of the rollout.

The budget required to implement and maintain the online payment program would include the board component of the fees (based on the fee structure noted above) and staffing resources to support the program. The staffing resources would also be providing support in the training, risk management, and review of school generated funds. The identification of school generated funds as a high risk area for our board by the external auditors, internal auditor, and Regional Internal Audit Team, is consistent with all boards across the province. At the present time support for school generated funds, school council funds and the Cashless solution is currently being provided by a School Financial Services Advisor from the Accounting Department (1.0 FTE) and a contract position (.5 FTE) from the Information Centre.

Proposed Implementation Plan of Expansion to all Schools

	Status as of					
	Sept 2011	Sept 2012	Feb 2013	Sept 2013	Feb 2014	Sept 2014
10 schools*		10				
10 schools*			10			
15 schools*				15		
15schools					15	
Remaining schools						19
<b>Number of Schools on system</b>	<b>35</b>	<b>45</b>	<b>55</b>	<b>70</b>	<b>85</b>	<b>104</b>

Note: \* Number of schools dependant on availability of resources

Any new schools that are opened in the future will have the online payment program implemented for the opening Software will be rolled out based on schools that initially volunteer

**Estimated Financial Cost of Expansion to all Schools**

	2011/12	2012/13	2013/14	2014/15
Estimated Fees paid by Board*	110,000	150,000	232,500	298,000
Permanent Staffing Resources Required to Meet Proposed Timelines and Ongoing Support:				
School Financial Services Advisor** (+ 1.0 FTE)				
Information Centre Support*** (+.5 FTE)				
	32,500	127,500	127,500	127,500
Training	5,000	10,000	10,000	10,000
	142,500	287,500	370,000	435,500


\* contingent on the number of schools implemented and vendor contract

\*\* includes additional support to schools for school generated funds

\*\*\* position currently a contract position

Respectfully submitted,

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Lucy Veerman  
Superintendent of Business Services

  
David Euale  
Director of Education

