

**Audit Committee**  
**AGENDA**  
**June 21, 2022 – 6:00 pm**

Meeting Location: Via Microsoft Teams due to COVID-19 pandemic

**School Board Members:** David McDonald, John McCrea, Corina Parisien, John McAllister

**External Members:** Craig Fowler, Michael Kavcic

**Administration:** Ron Ferguson-Director of Education, Jeremy Hobbs-Executive Superintendent of Business Services, Diana Kingston-Comptroller of Finance, Kristi Carter-Recording Secretary

**Guests:** Genevieve Segu-Regional Internal Audit Manager (RIAT), Pasquale L'Orfano-Regional Internal Auditor (RIAT), Marsha McNair-Superintendent of Schools, Bill Loshaw-Superintendent of Schools, April Scott-Clarke-Manager of Communications, Brad Notman-Manager of Purchasing and Admin Services, Annik Blanchard-External Audit Partner (BDO Canada), Samantha Gillespie-Senior Audit Manager (BDO Canada)

**Regrets:**

AGENDA ITEM		NOTES
A1	<b>Call to Order</b>	
A2	<b>Approval of Agenda</b> June 21, 2022 – Meeting No. 54	
A3	<b>Conflict of Interest Declaration(s)</b>	
A4	<b>Approval of Minutes – OPEN SESSION</b> April 12, 2022 – Meeting No. 53	OPEN SESSION Minutes Attached
A5	<b>2022-23 Meeting Dates</b>	OPEN SESSION Report
A6	<b>2021-22 External Audit Plan – Executive Summary</b>	OPEN SESSION Report
A7	<b>Regional Internal Audit Update</b>	OPEN SESSION Report
A8	<b>Move into CLOSED SESSION</b>	
A9	<b>Report from CLOSED SESSION</b>	
A10	❖ Adjournment <b>Next Meeting:</b> TBD	

**David McDonald**  
Chair, Audit Committee

**Ron Ferguson**  
Director of Education

UPCOMING AGENDA & ACTION ITEMS		TIMELINE
1.	<b>Proposed Ministry Report to Board</b>	November 2022
2.	<b>Election of Chair</b> ( <i>postponed from September 2022 due to Municipal/Trustee Election October 24, 2022</i> )	February 2023
3.	<b>2023-24 Meeting Dates</b>	June 2023
4.	<b>2022-23 External Audit Plan – Executive Summary</b>	June 2023

**Audit Committee**  
**Minutes of April 12, 2022**  
**OPEN SESSION**  
**Meeting No. 53**

**The meeting was held via Microsoft Teams due to the COVID-19 pandemic.**

**School Board Members:** David McDonald, John McCrea, Corina Parisien, John McAllister

**External Members:** Nigel White

**Administration:** Jeremy Hobbs-Executive Superintendent of Business Services, Kristi Carter-Recording Secretary

**Guests:** Genevieve Segu-Regional Internal Audit Manager (RIAT)

**Regrets:** Ron Ferguson-Director of Education, Diana Kingston-Comptroller of Finance, Craig Fowler-External Member, Pasquale L'Orfano-Regional Internal Auditor (RIAT)

A1	<p>Meeting was called to order by D. McDonald at 6:04 p.m.</p> <p>J. Hobbs announced the end of N. White's 2<sup>nd</sup> term as external member. The selection committee received an application from Mr. Michael Kavcic and conducted an interview. The selection committee recommended the appointment of Mr. Kavcic to the committee effective the date of the next meeting. D. McDonald thanked N. White for his time on the committee, his dedication, and contribution over the past 4 years.</p> <p>N. White thanked the committee and said he'd be open to returning if that was a possibility in the future.</p>
A2	<p><b><u>Approval of Agenda</u></b> <b>Moved by N. White, seconded by J. McCrea, that the agenda for the April 12, 2022, Meeting No. 53 be approved.</b></p> <p style="text-align: right;"><b>Carried.</b></p>
A3	<p><b><u>Conflict of Interest Declaration(s)</u></b> No conflict of interest declarations were received.</p>
A4	<p><b><u>Approval of Minutes – OPEN SESSION</u></b> <b>Moved by C. Parisien, seconded by J. McAllister, that the minutes for the February 8, 2022 Meeting No. 52 be approved.</b></p> <p style="text-align: right;"><b>Carried.</b></p>
A5	<p><b><u>Regional Internal Audit Team (RIAT) Update</u></b> G. Segu, Regional Internal Audit Manager, provided the following update with respect to the 2021-22 Internal Audit Plan approved at the September 14, 2021, meeting:</p> <ul style="list-style-type: none"> <li>• Critical Positions Engagement: Required documentation received in Feb/Mar and the engagement has commenced. G. Segu anticipates being able to report on this engagement in June 2022, subject to the return of an auditor currently on a short-term leave.</li> <li>• School Generated Funds Fraud Flags Identification: This engagement is not yet started. Currently planning to start the analysis this year but may need to complete it next year.</li> <li>• Follow-up Procedures: RIAT continues to follow-up with outstanding recommendations throughout the year and will report back to the committee in June 2022.</li> <li>• No management request received to date.</li> <li>• In response to a question, it was confirmed that any delay in the Critical Positions engagement will not cause any issues for the board and will not have any impact on day-to-day operations.</li> </ul> <p><b>Moved by N. White, seconded by C. Parisien, that the Upper Canada District School Board Audit Committee receives for information the 2021-22 Regional Internal Audit update.</b></p> <p style="text-align: right;"><b>Carried.</b></p>

**Audit Committee**  
**Minutes of April 12, 2022**  
**OPEN SESSION**  
**Meeting No. 53**

A6	<p><b><u>Move into CLOSED Session</u></b>  <b>Moved by J. McAllister, seconded by N. White, that the Upper Canada District School Board Audit Committee move into Closed Session ~ April 12, 2022.</b></p> <p align="right"><b>Carried.</b></p>
A7	<p><b><u>Rise and Report</u></b></p> <p>The Upper Canada District School Board received reports and discussed the following:</p> <ul style="list-style-type: none"> <li>• Policy Related Matters – Annual review of all policies to assess high risk</li> </ul>
A8	<p>❖ <b>Adjournment</b>          ❖ Next Meeting – June 14, 2022</p> <p><b>Moved by N. White, seconded by C. Parisien, that the Upper Canada District School Board Audit Committee adjourn at 6:30 pm.</b></p> <p align="right"><b>Carried.</b></p>

**David McDonald**  
Chair, Audit Committee

**Ron Ferguson**  
Director of Education

DRAFT

**Audit Committee  
OPEN SESSION  
Report**

June 21, 2022 – 6:00 pm

<b>Item A5</b>	<b>2022-23 Meeting Dates</b>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To set the 2022-23 meeting dates of the Audit Committee.</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>The Audit Committee is mandated to meet at least three (3) times in each fiscal year and ensure the first meeting of each fiscal year is no later than September 30<sup>th</sup> as per Ontario Regulation 361/10; excerpt below:           <p><b>Meetings</b></p> <p><b>11.</b> (1) An audit committee of a board shall meet at least three times in each fiscal year at the call of the chair of the committee, and at such other times as the chair considers advisable. O. Reg. 361/10, s. 11 (1).</p> <p>(2) The first meeting of the audit committee in each fiscal year after the 2011 year shall take place no later than September 30. O. Reg. 361/10, s. 11 (2).</p> </li> <li>As the Audit Committee typically meets the 2<sup>nd</sup> Tuesday of the meeting month, the 2022-23 suggested meeting dates are as follows:           <ul style="list-style-type: none"> <li>Tuesday, September 13, 2022</li> <li>Monday, November 7, 2022</li> <li>Tuesday, February 14, 2023</li> <li>Tuesday, April 11, 2023</li> <li>Tuesday, June 13, 2023</li> </ul> </li> </ul>
<b>Appendices</b>	None
<b>Recommendation</b>	<b>THAT the Upper Canada District School Board Audit Committee set the following meeting dates for 2022-23...</b>

**Audit Committee  
OPEN SESSION  
Report**

June 21, 2022 – 6:00 pm

<b>Item A6</b>	<b>2021-22 External Audit Plan – Executive Summary</b>
<b>Purpose</b>	<ul style="list-style-type: none"> <li>To share the 2021-22 External Audit Plan – Executive Summary</li> </ul>
<b>Content</b>	<ul style="list-style-type: none"> <li>Annually, the Board’s external audit firm prepares and presents their audit plan for the consideration of the Audit Committee. This sets the stage for the preparation and presentation of the 2021-22 Audited Financial Statements in November 2022.</li> <li>Attached, the Committee will find a copy of the Executive Summary from BDO Canada of the proposed plan for 2021-22.</li> </ul>
<b>Appendices</b>	A6 - Audit Planning Report – Executive Summary for the Year Ended August 31, 2022
<b>Recommendation</b>	<b>THAT the Upper Canada District School Board Audit Committee adopts the Annual Audit Plan – Executive Summary as presented.</b>

# Upper Canada District School Board

Audit planning report to the Audit Committee  
for the year ended August 31, 2022

- Executive Summary

**START**

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## Significant risks and planned responses

We have identified the following significant risks that require special audit consideration. These risks were identified based on our knowledge of the Organization, our past experience, and input from management and the Audit Committee. Please review these significant risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Management Override of Controls	Standard significant risk in all audits	We will conduct a review of all journal entries and other adjustments made in the preparation of the financial statements. We will also inquire to obtain the operating rationale of significant transactions that we become aware of that are outside the normal course of operations for the Organization, or what otherwise appear to be unusual given our understanding of the Organization and its environment. We will review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.
Grant revenue and grants receivable	There is a risk that grant revenue may be incorrectly deferred into future periods or recognized in the current year in error or to manage the current year results.	All grant revenue and grants receivable are confirmed with the Ministry, which ensures amounts recorded exist, are complete and recorded accurately.  Additionally, all grant activity is tracked in a continuity schedule and significant amounts are vouched to contracts or agreements to ensure appropriate revenue recognition and deferrals.
Employee Future Benefits	Risk of over the estimate of the post-employment benefit obligation due to the degree of uncertainty inherent in the estimate.	We will contact the actuary and review the actuarial valuation of the employee future employment benefit obligation, test data that was used to complete the valuation and assess the reasonability of the underlying assumptions. We will also review actuarial calculations and discuss them with the actuary as required.

## Materiality

We determined preliminary materiality to be \$9,000,000, based on 2.25% of total prior year revenue.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the consolidated financial statements.

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# Your dedicated BDO audit team



**Annik Blanchard, CPA, CA**

T: 1 (613) 690-2978  
E: [ablanchard@bdo.ca](mailto:ablanchard@bdo.ca)

Annik Blanchard has over 20 years of audit experience, working with various not-for-profit organizations in the National Capital Region. This experience allows her to address the unique audit and operating needs her clients have.

Annik Blanchard will be the Engagement Partner for your assurance services. She will assume ultimate responsibility for the provision of all services, monitoring and controlling costs to ensure you receive quality, effective and value-added service.



**Samantha Gillespie, CPA, CA**

T: 1 (613) 690-2947  
E: [sgillespie@bdo.ca](mailto:sgillespie@bdo.ca)

Samantha Gillespie has over 10 years of audit experience, working with various not-for-profit and public entities in the National Capital Region and Montreal. This experience allows her to address the unique audit and operating needs her clients have.

Samantha Gillespie will be the Engagement Manager for your assurance services.



**Olivier Boies, CPA**

T: 1 (613) 690-2870  
E: [oboies@bdo.ca](mailto:oboies@bdo.ca)

Olivier Boies has over 4 years of public accounting experience, working with not-for-profit and for-profit entities in an assurance capacity.

Olivier Boies will be the Senior Accountant for your assurance services. He will assume ultimate responsibility for fieldwork progress, identify and addressing issues should any arise, and for communicating the progress of the audit with the Engagement Manager to alert if any additional resource needs are required to meet service and cost expectations.

## Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between Upper Canada District School Board and our Firm that may reasonably be thought to impact our independence.





# Audit timeline



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**Audit Committee  
OPEN SESSION  
Report**

June 21, 2022 – 6:00 pm

<b>Item A7</b>	<b>Regional Internal Audit Update</b>																	
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• To provide the Audit Committee with an update from the Regional Internal Audit Manager, Geneviève Segu, on the progress of the 2021-22 Regional Internal Audit Team (RIAT) work.</li> <li>• This report links with Regulation 361/10 in relation to the Audit Committee’s duties to the Internal Auditor 9(3) and the Board’s Internal Controls 9(2).</li> </ul>																	
<b>Content</b>	<p><b>2021-2022 Regional Internal Audit Plan Update</b></p> <p>The Audit Committee approved the 2021-22 Audit Plan at the September 14, 2021 meeting. The following presents an update on the engagements:</p>																	
	<table border="1"> <thead> <tr> <th data-bbox="394 722 574 768">Status</th> <th data-bbox="574 722 1110 768">Audit &amp; Scope</th> <th data-bbox="1110 722 1490 768">Schedule</th> </tr> </thead> <tbody> <tr> <td data-bbox="394 768 574 1226">In Progress</td> <td data-bbox="574 768 1110 1226"> <p><b>Critical Positions Engagement</b></p> <p>This engagement aligns with the preliminary region-wide Strategic Risk Assessment which identified Succession Planning as one of the top risks in the portfolio.</p> <p>The scope is to provide Management with a current state assessment/inventory of all positions, outside of the schools. Each position is critical, key, support or specialist.</p> </td> <td data-bbox="1110 768 1490 1226"> <p><b>November 2021:</b> Meet with HR to discuss timing, objective and scope of work.</p> <p><b>January 2022:</b> Provided terms of reference to HR.</p> <p><b>Feb/Mar 2022:</b> Received documentation and have begun engagement.</p> <p><b>June 2022:</b> Finalizing analysis</p> </td> </tr> <tr> <td data-bbox="394 1226 574 1562">Postponed</td> <td data-bbox="574 1226 1110 1562"> <p><b>School Generated Funds Fraud Flags Identification</b></p> <p>This engagement focuses on fraud indicators and red flags applied to a selection of schools across the school board, using Data Analytics as well as interviews and documentation review.</p> <p>This engagement is part of OASBO IA 2021-2022 work plan.</p> </td> <td data-bbox="1110 1226 1490 1562"> <p><b>May 2022:</b> Audit Postponed to 2022-23 school year.</p> </td> </tr> <tr> <td data-bbox="394 1562 574 1730">In Progress</td> <td data-bbox="574 1562 1110 1730"> <p><b>Follow-up Procedures</b></p> <p>RIAT continues to follow-up on the remaining recommendations, as they come due.</p> </td> <td data-bbox="1110 1562 1490 1730"> <p><b>Ongoing</b></p> </td> </tr> <tr> <td data-bbox="394 1730 574 1860">As Needed</td> <td data-bbox="574 1730 1110 1860"> <p><b>Management Request Engagement</b></p> <p>To cover any important items that may be required to during the school year.</p> </td> <td data-bbox="1110 1730 1490 1860"> <p><b>If requested</b></p> </td> </tr> </tbody> </table>	Status	Audit & Scope	Schedule	In Progress	<p><b>Critical Positions Engagement</b></p> <p>This engagement aligns with the preliminary region-wide Strategic Risk Assessment which identified Succession Planning as one of the top risks in the portfolio.</p> <p>The scope is to provide Management with a current state assessment/inventory of all positions, outside of the schools. Each position is critical, key, support or specialist.</p>	<p><b>November 2021:</b> Meet with HR to discuss timing, objective and scope of work.</p> <p><b>January 2022:</b> Provided terms of reference to HR.</p> <p><b>Feb/Mar 2022:</b> Received documentation and have begun engagement.</p> <p><b>June 2022:</b> Finalizing analysis</p>	Postponed	<p><b>School Generated Funds Fraud Flags Identification</b></p> <p>This engagement focuses on fraud indicators and red flags applied to a selection of schools across the school board, using Data Analytics as well as interviews and documentation review.</p> <p>This engagement is part of OASBO IA 2021-2022 work plan.</p>	<p><b>May 2022:</b> Audit Postponed to 2022-23 school year.</p>	In Progress	<p><b>Follow-up Procedures</b></p> <p>RIAT continues to follow-up on the remaining recommendations, as they come due.</p>	<p><b>Ongoing</b></p>	As Needed	<p><b>Management Request Engagement</b></p> <p>To cover any important items that may be required to during the school year.</p>	<p><b>If requested</b></p>		
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<b>Recommendation</b>	<b>THAT the Upper Canada District School Board Audit Committee receives for information the 2021-22 Regional Internal Audit Update.</b>																	

**Audit Committee  
OPEN SESSION**

June 21, 2022 – 6:00 pm

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<b>Item A8</b>	<b>Move into CLOSED SESSION</b>
<b>Recommendation</b>	<b>THAT the Upper Canada District School Board Audit Committee moves into CLOSED SESSION ~ June 21, 2022</b>

**Audit Committee  
OPEN SESSION**

June 21, 2022 – 6:00 pm

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<b>Item A9</b>	<b>REPORT FROM CLOSED SESSION</b>
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**Audit Committee  
OPEN SESSION**

June 21, 2022 – 6:00 pm

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<b>Item A10</b>	<b>ADJOURNMENT</b>
<b>Recommendation</b>	<b>THAT the Upper Canada District School Board Audit Committee adjourn ~ June 21, 2022</b>