

Audit Committee
AGENDA

June 13, 2023 – 6:00 pm

Meeting Location: Via Microsoft Teams

- School Board Members:** David McDonald, Patricia Francis, John McAllister
- External Members:** Michael Kavcic, Lisa Taylor
- 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), Eric Hardie-Executive Superintendent of Schools, Bill Loshaw-Superintendent of Schools, Marsha McNair-Superintendent of Schools, Chad Brownlee-Superintendent of Schools & Human Resources, Annik Blanchard-External Audit Partner (BDO Canada)
- Regrets:**

AGENDA ITEM		NOTES
A1	Call to Order	
A2	Approval of Agenda June 13, 2023 – Meeting No. 59	
A3	Conflict of Interest Declaration(s)	
A4	Approval of Minutes – OPEN SESSION April 11, 2023 – Meeting No. 58	OPEN SESSION Minutes Attached
A5	2023-24 Meeting Dates	OPEN SESSION Report
A6	2022-23 External Audit Plan – Executive Summary	OPEN SESSION Report
A7	Regional Internal Audit Update	OPEN SESSION Report
A8	Move into CLOSED SESSION	
A9	Report from CLOSED SESSION	
A10	❖ Adjournment Next Meeting: TBD (September 2023)	

David McDonald
Chair, Audit Committee

Ron Ferguson
Director of Education

UPCOMING AGENDA & ACTION ITEMS		TIMELINE
1.	Election of Chair	September 2023
2.	Proposed Ministry Report to Board	November 2023
3.	2024-25 Meeting Dates	June 2024
4.	2023-24 External Audit Plan – Executive Summary	June 2024

**Audit Committee
Minutes of April 11, 2023
OPEN SESSION
Meeting No. 58**

The meeting was held via Microsoft Teams.

School Board Members: David McDonald, John McAllister

External Members: Craig Fowler

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), Lisa Taylor-External Member effective April 12, 2023, Carole Dufort-Trustee

Regrets: Patricia Francis-Trustee, Michael Kavcic-External Member

A1	Meeting was called to order by D. McDonald at 6:03 p.m.
A2	<u>Approval of Agenda</u> Moved by C. Fowler, seconded by J. McAllister, that the agenda for the April 11, 2023, Meeting No. 58 be approved. Carried.
A3	<u>Conflict of Interest Declaration(s)</u> No conflict of interest declarations were received.
A4	<u>Approval of Minutes – OPEN SESSION</u> Moved by J. McAllister, seconded by C. Fowler, that the minutes for the February 14, 2023 Meeting No. 57 be approved. Carried.
A5	<u>Regional Internal Audit Team (RIAT) Update</u> G. Segu provided the committee with an update on the 2022-23 internal audit plan as provided in the agenda package. Moved by C. Fowler, seconded J. McAllister, that the Upper Canada District School Board Audit Committee receives for information the April 11, 2023, Regional Internal Audit Team update. Carried.
A6	<u>Move into CLOSED Session</u> Moved by J. McAllister, seconded by C. Fowler, that the Upper Canada District School Board Audit Committee move into Closed Session ~ April 11, 2023. Carried.
A7	<u>Rise and Report</u> The Upper Canada District School Board received reports and discussed the following: <ul style="list-style-type: none"> • Policy Related Matters – Annual Review of All Policies to Assess High Risk
A8	❖ Adjournment ❖ Next Meeting – Tuesday, June 13, 2023 Moved by C. Fowler, seconded by J. McAllister, that the Upper Canada District School Board Audit Committee adjourn at 6:47pm. Carried.

**David McDonald
Chair, Audit Committee**

**Ron Ferguson
Director of Education**

Audit Committee
OPEN SESSION
Report

June 13, 2023 – 6:00 pm

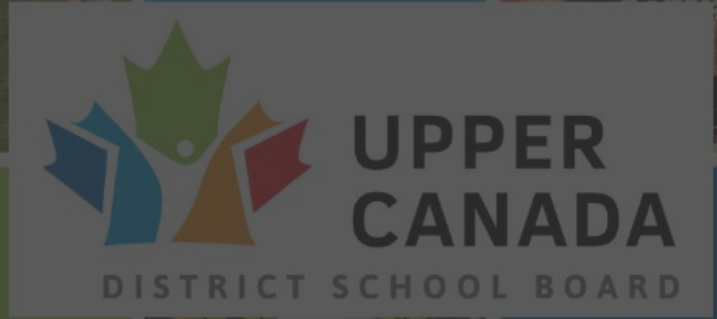
Item A5	2023-24 Meeting Dates
Purpose	<ul style="list-style-type: none"> To set the 2023-24 meeting dates of the Audit Committee.
Content	<ul style="list-style-type: none"> The Audit Committee is mandated to meet at least three (3) times in each fiscal year and ensure the first meeting of each fiscal year is no later than September 30th as per Ontario Regulation 361/10; excerpt below: <p>Meetings</p> <p>11. (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> As the Audit Committee typically meets the 2nd Tuesday of the meeting month, the 2023-24 suggested meeting dates are as follows: <ul style="list-style-type: none"> Tuesday, September 12, 2023 Monday, November 6, 2023 Tuesday, February 13, 2024 Tuesday, April 9, 2024 Tuesday, June 11, 2024
Appendices	None
Recommendation	THAT the Upper Canada District School Board Audit Committee set the meeting dates for 2023-24 as outlined.

**Audit Committee
OPEN SESSION
Report**

June 13, 2023 – 6:00 pm

Item A6	2022-23 External Audit Plan – Executive Summary
Purpose	<ul style="list-style-type: none"> To share the 2022-23 External Audit Plan – Executive Summary
Content	<ul style="list-style-type: none"> 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 2022-23 Audited Financial Statements in November 2023. Attached, the Committee will find a copy of the Executive Summary from BDO Canada of the proposed plan for 2022-23.
Appendices	A6 - Audit Planning Report – Executive Summary for the Year Ended August 31, 2023
Recommendation	THAT the Upper Canada District School Board Audit Committee adopts the Annual Audit Plan – Executive Summary as presented.

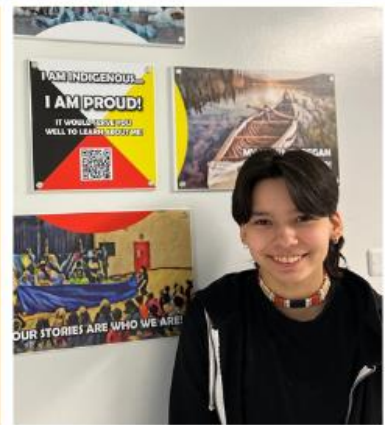
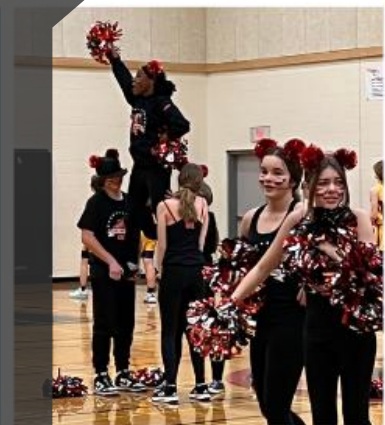
Upper Canada District School Board



Audit planning report to the Audit Committee for the year ending August 31, 2023

- Executive Summary

START





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.



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
Asset Retirement Obligations	PSAS 3280 became effective on September 1, 2022. The standard requires UCDSB to estimate the costs related to asset retirement obligations for various capital assets that will have decommissioning costs at the end of their life.	We will review managements implementation process for the new standard. This will include gaining an understanding of managements process for identifying asset retirement obligations and reviewing how the estimated costs were determined. We will also obtain, assess and rely on the work of the experts engaged by management to assist with the identification of asset retirement obligations and costs. In addition, we will review the accounting entries prepared by management and ensure that the adjustments have been made in accordance with the transitional provisions in the standard.
Impact of Bill 124	Risk that the impact of Bill 124 hasn't been properly reflected in the financial statements.	We will obtain managements analysis of the impacts of Bill 124 on the salaries of the various union groups within the board. We will review the assumptions and information used in the calculations as well as test the calculations.



Materiality

We determined preliminary materiality to be \$8,900,000, based on 2.25% of 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.

Your dedicated BDO audit team



ANNIK BLANCHARD, CPA, CA

T: 613-690-2978
E: ablanchard@bdo.ca

Annik Blanchard has over 20 years of audit experience, working with various not-for-profit organizations and public sector 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: 613-690-2947
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Samantha Gillespie has 15 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 Senior Manager for your assurance services.



OLIVIER BOIES, CPA

T: 613-690-2870
E: oboies@bdo.ca

Olivier Boies has over 5 years of public accounting experience, working with not-for-profit and for-profit entities in an assurance capacity.

Olivier Boies will be the Engagement Manager for your assurance services. Along with Samantha he will supervise the audit team and review the financial statements and audit working papers.

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



BDO'S DIGITAL AUDIT SUITE APT Next Gen

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**Audit Committee
OPEN SESSION
Report**

June 13, 2023 – 6:00 pm

Item A7	Regional Internal Audit Update											
Purpose	<ul style="list-style-type: none"> • To provide the Audit Committee with an update from the Regional Internal Audit Manager, Geneviève Segu, on the progress of the 2022-23 Regional Internal Audit Team (RIAT) work. • This is in alignment with Ontario Regulation 361/10: Audit Committees (9) Duties of an Audit Committee 3(2 & 3). 											
Content	<p>2022-2023 Regional Internal Audit Plan Update</p> <p>The Audit Committee approved the 2022-23 Audit Plan at the September 13, 2022 meeting.</p> <p>The Sector, once again this year, faces several disruptive events such as collective agreement bargaining, trustee elections, and shortage with replacement staff (teachers, EAs) to name a few. The RIAT is aware of these additional pressures and will keep that in mind when initiating new work this year.</p> <p>The following presents an update on the engagements:</p> <table border="1" data-bbox="410 898 1474 1770"> <thead> <tr> <th data-bbox="410 898 573 951">Status</th> <th data-bbox="573 898 1109 951">Audit & Scope</th> <th data-bbox="1109 898 1474 951">Schedule</th> </tr> </thead> <tbody> <tr> <td data-bbox="410 951 573 1308">Complete</td> <td data-bbox="573 951 1109 1308"> <p>Critical Positions</p> <p>Part of workforce planning processes, this engagement provides Management with a current state assessment of all central positions, outside of the schools. Each position is critical, key, support, or specialist. It also identifies and documents the succession and emergency plans in place for key and critical positions.</p> </td> <td data-bbox="1109 951 1474 1308">February 2023: Reported</td> </tr> <tr> <td data-bbox="410 1308 573 1770">Not Initiated</td> <td data-bbox="573 1308 1109 1770"> <p>Workforce Planning</p> <p>The scope to be determined after the Critical Position engagement has been performed. This could focus on any of the following processes: job evaluations, recruitment & retention, employee satisfaction survey, key performance indicators (KPIs).</p> <p>RIAT is aware that the Human Resources (HR) Department will once again be heavily taxed this upcoming year with the collective agreements negotiations and will be mindful in their planning.</p> </td> <td data-bbox="1109 1308 1474 1770">TBD</td> </tr> </tbody> </table>			Status	Audit & Scope	Schedule	Complete	<p>Critical Positions</p> <p>Part of workforce planning processes, this engagement provides Management with a current state assessment of all central positions, outside of the schools. Each position is critical, key, support, or specialist. It also identifies and documents the succession and emergency plans in place for key and critical positions.</p>	February 2023: Reported	Not Initiated	<p>Workforce Planning</p> <p>The scope to be determined after the Critical Position engagement has been performed. This could focus on any of the following processes: job evaluations, recruitment & retention, employee satisfaction survey, key performance indicators (KPIs).</p> <p>RIAT is aware that the Human Resources (HR) Department will once again be heavily taxed this upcoming year with the collective agreements negotiations and will be mindful in their planning.</p>	TBD
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**Audit Committee
OPEN SESSION
Report**

June 13, 2023 – 6:00 pm

	In Progress	<p>School Generated Funds (SGF) Fraud Flags Identification</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>February 2023: Met with Management to discuss Terms of Reference.</p> <p>March 2023: Met with process owners.</p> <p>April 2023: Obtained SGF reports.</p> <p>May 2023: Conducted School Visits</p>
	Cyclical	<p>Follow-up Procedures</p> <p>This is a recurring item on RIAT’s annual plan.</p> <p>The last update was June 2022. Two recommendations were outstanding with a new completion date in 2022-23.</p>	<p>February 2023: RIAT starts follow-up procedures.</p> <p>To be reported in June 2023.</p>
	As Needed	<p>Management Request Engagement</p> <p>To cover any important items that may be required to during the school year.</p>	None requested to-date
Recommendation	<p>THAT the Upper Canada District School Board Audit Committee receives for information the June 13, 2023, Regional Internal Audit Team update.</p>		

**Audit Committee
OPEN SESSION**

June 13, 2023 – 6:00 pm

Item A8	Move into CLOSED SESSION
Recommendation	THAT the Upper Canada District School Board Audit Committee moves into CLOSED SESSION ~ June 13, 2023

**Audit Committee
OPEN SESSION**

June 13, 2023 – 6:00 pm

Item A9	REPORT FROM CLOSED SESSION
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**Audit Committee
OPEN SESSION**

June 13, 2023 – 6:00 pm

Item A10	ADJOURNMENT
Recommendation	THAT the Upper Canada District School Board Audit Committee adjourn ~ June 13, 2023