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## NOTICE OF MEETING

### AUDIT COMMITTEE

**Monday, 19 November 2018**  
**Trustees' Committee Room**  
**7:00 p.m. Public**  
**In Camera to Follow**

#### **COMMITTEE MEMBERS:**

Lynn Scott  
Trustee, Zone 1

Sandra Schwartz (Chair)  
Trustee, Zone 12

Keith Penny  
Trustee, Zone 8

#### **EXTERNAL MEMBERS:**

Erik Husband

Annik Blanchard

#### **DISTRIBUTION:**

All Board Members  
Senior Administration  
Auditor

If you would like further information on this agenda please contact:  
Nicole Guthrie, Committee Coordinator, Board Services, at 596-8211, ext. 8643, or  
**[nicole.guthrie@ocdsb.ca](mailto:nicole.guthrie@ocdsb.ca)**

## **ABOUT AUDIT COMMITTEE:**

- The Audit Committee recommends annual internal and external audit plans to the Board; receives and reviews the resulting internal audit reports; receives the reports of the audits of individual schools/operations and use of Board-allocated and school-generated funds; receives the report from the External Auditor on any finding commented on during the annual audit, and the management responses thereto; and oversees the selection of the external auditor and recommends the appointment of the external auditor to the Board.
- The Audit Committee shall meet before the end of January each year and at the call of the Chair of the Committee. You may confirm dates and start times on the Board's web site.
- The Audit Committee shall meet in private when internal control issues are discussed to ensure the Board's assets are not inadvertently put at risk.

## **ABOUT THE AUDIT COMMITTEE AGENDA:**

- The Ottawa-Carleton District School Board posts complete standing committee and Special Education Advisory Committee agendas and reports on the website on the Friday, at least ten days prior to the scheduling of the meeting.
- In most instances, staff names have been included on the agenda for contact purposes should you have any questions prior to the meeting.
- If you would like further information on this Agenda or how the Committee meeting works, please contact Nicole Guthrie, Committee Coordinator, at 613-596-8211, extension 8643 or (613) 596-8211 ext. 8643

## **PURPOSE OF IN CAMERA MEETINGS:**

- Under provincial law, *"A meeting of a committee of a board, including a committee of the whole board, may be closed to the public when the subject-matter under consideration involves*
  - (a) the security of the property of the board;*
  - (b) the disclosure of intimate, personal or financial information in respect of a member of the board or committee, an employee or prospective employee of the board or a pupil or his or her parent or guardian;*
  - (c) the acquisition or disposal of a school site;*
  - (d) decisions in respect of negotiations with employees of the board; or*
  - (e) litigation affecting the board."*



## AUDIT COMMITTEE PUBLIC AGENDA

Monday, November 19, 2018, 7:00 pm  
Trustees' Committee Room  
133 Greenbank Road  
Ottawa, Ontario

	Pages
1. Call to Order	
2. Approval of Agenda	
3. Delegations	
4. Superintendent's Report	
5. Action Items	
5.1 Review of Audit Committee Report	
a. 26 September 2018	1
b. Business Arising	
5.2 Referred - Report 18-081, Audit Committee Annual Report for 2017-2018 (M. Carson ext. 8881)	9
5.3 Report 18-101, Draft 2017-2018 Consolidated Financial Statements (M.Carson, ext. 8881)	
To be distributed.	
6. Matters for Discussion	
6.1 Report 18-102, Analysis of the District's 2017-2018 Financial Results (M. Carson, ext.8881)	
To be distributed.	
6.2 Report 18-107, Regulatory Compliance Register (M. Carson, ext. 8881)	15

7. Information Items

7.1 Long Range Agenda

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8. New Business

9. Adjournment



## AUDIT COMMITTEE REPORT (PUBLIC)

**Wednesday, September 26, 2018**  
**7:00 pm**  
**Trustees' Committee Room**  
**133 Greenbank Road**  
**Ottawa, Ontario**

**Members:** Lynn Scott (Trustee), Keith Penny (Trustee), Eric Husband (External Member)  
**Staff and Guests:** Jennifer Adams (Director), Michael Carson (Chief Financial Officer), Kevin Gardner (Manager of Financial Services), Sandra Lloyd (Manager of Risk and Supply Chain Management), Mary Jane Farrish (Superintendent of Instruction), Katrine Mallan (Manager of Board Services), Pasquale L'orfano (Regional Internal Auditor)-electronic communication, Diana Swedani (Audit Manager KPMG LLP) and Nicole Guthrie (Committee Coordinator)

1. Call to Order

Chair Scott called the public session to order 7:00 p.m.

2. Approval of Agenda

**Moved by Trustee Penny,**  
**THAT the agenda be approved.**

**- Carried -**

3. Delegations

There were no delegations.

4. Superintendent's Report

Chief Financial Officer (CFO) Carson advised that preliminary enrollment is slightly than the projection and that revenue projections are on target. He added that staff

anticipates further growth and that the District has made the necessary changes at school sites to accommodate for further fluctuations and changes.

CFO Carson expressed concern for those families affected by the tornado that touched down in Ottawa on 21 September 2018. District staff responded early and all schools with the exception of Knoxdale Public School had returned to business as usual as of 26 September 2018. He noted that Knoxdale PS will reopen on 28 September 2018. The decision to Knoxdale PS closed was a result of the risks to the safety of students owing to the debris and broken glass blown into the yard during the tornado. He added that the District is working closely with Ottawa Student Transportation Authority (OSTA) on transportation for those students that have been dislocated from their homes as a result of the tornado. The District and OSTA aim to support the students in their home school where possible.

CFO Carson advised that the tree damage to District property is not insurable. The District has begun discussions with the province to apply for disaster relief funding. Staff is currently tallying the costs of the damage. A preliminary review suggests that the majority of the expense is a result of the staff time that was required to supervise schools that were without power. CFO Carson highlighted the efforts of the staff and administration of West Carleton Secondary School which was used as a shelter and provided relief to the Dunrobin community.

CFO Carson noted that the elimination of the greenhouse gas funding announced by the province did not affect the District as the funding had already been committed. The changes to the Grants for Student Needs (GSNs) did not impact the District. CFO Carson noted that recent reports identifying opportunities for provincial savings are worrying, and he anticipates the 2019-2020 budget process will be more difficult than the past two years.

CFO Carson advised that the recruitment for the new Regional Internal Audit Manager has begun under the direction of David Leach, Superintendent of Finance & Administration, Ottawa Catholic School Board (OCSB). He noted the District has an excellent relationship with OCSB and that the cooperation of the two school boards was evidenced during the aftermath of the tornado.

In response to a query from Mr. Husband regarding the application of the business continuity plan in the wake of the tornado, CFO Carson noted that the formal plan was not followed, but the response operated as planned. The facilities staff were contacted immediately and under the direction of the Associate Director, the District activated its processes and formed a plan to manage the incident. Director Adams added that the emergency response team came together to make the important decision to close all schools on 24 September 2018. She noted that the plan and processes advised by the emergency response team were followed. CFO Carson indicated that there was no formal emergency declaration.

Chair Scott praised the coordination with OSTA staff as well as OCSB to develop alternate routes and pick up points for affected areas.

5. Matters for Action

5.1 Review of Audit Committee Report

a. Report 3, 23 May 2018

**Moved by Trustee Penny,**

**THAT the Report 3, Audit Committee, dated 23 May 2018 be received.**

**- Carried -**

b. Business Arising

There was no business arising.

5.2 Report 18-082, External Auditor's Audit Plan for the 2017-2018 Year-End Audit (M. Carson ext.8881)

Your Committee had before it Report 18-082 seeking approval of KPMG LLP's plan for the audit of the 2017-2018 Consolidated Financial Statements.

Moved by Trustee Penny,

THAT KPMG LLP's plan for the audit of the 2017-2018 consolidated financial statements be approved. (Attached as Appendix A)

During the presentation of the audit plan by KPMG Audit Manager Diana Swedani, and in the ensuing discussion, the following points were noted:

- Rob Clayton has taken on the role of Lead Audit Engagement Partner and oversees the District's external audit process;
- There have been no significant changes with regard to the District's operations and therefore no change in how the external audit is conducted is required;
- For the current period, the materiality is 1.3%, the performance materiality is \$8,625,000 and the audit misstatement posting threshold is \$575,000. All of the amounts are consistent with prior year's audits;
- KPMG LLP rebuts the fraud risk as the majority of the District's revenue consists of government funding;
- KPMG LLP conducts testing on journal entries, performs a retrospective review of estimates and evaluates the business rationale of unusual transactions to evaluate fraud risk from management override controls;
- KPMG LLP will be integrating data and analytics procedures into the audit and will focus on journal entry testing, and school-generated funds. These are consistent with the previous year;
- CFO Carson advised that as a result of changes made to the Public Sector Accounting Board (PSAB) standard, asset retirement will be a

challenge for school boards across the province as there is no funding source available until the site and or asset is disposed of. The liability is typically funded by the sale of the asset. He added that school boards are unlikely to be early adopters of the PSAB standard and are trying to work through options; and

- In response to a query from Mr. Husband regarding current developments in internal controls, CFO Carson responded that the District has adequate internal controls but that more of the COSO framework components as outlined on page 45 could be built into existing management practices. He noted that at present the District relies on the evaluation provided by KPMG.

**Moved by Trustee Penny**

**THAT KPMG LLP's plan for the audit of the 2017-2018 Consolidated Financial Statements be approved (Attached as Appendix A).**

**- Carried –**

- 5.3 Report 18-080, 2017-2018 Annual Report on Internal Audit Activity (M. Carson ext. 8881)

Your Committee had before it Report 18-080 seeking approval of the annual report to the Board summarizing the work performed by the Regional Internal Audit Team (RIAT) during 2017-2018 in accordance with *Ontario Regulation 361/10, Audit Committees*.

Manager Gardner noted that a summary of the audit activity of the District can be found within the report and that Appendix A to Report 18-080 lists the internal audits that were started and/or completed by August 31, 2018. He added staff has confirmed that no enrolment audit has been identified in the multi-year Internal Audit Plan.

**Moved by Eric Husband,**

**THAT Appendix A to Report 18-080 be approved as the 2017-2018 Annual Report on Internal Audit Activity.**

**- Carried –**

- 5.4 Report 18-081, Audit Committee Annual Report for 2017-2018 (M. Carson ext. 8881)

Your Committee had before it Report 18-081 seeking approval of the 2017-2018 annual report on internal audit activity.

Chief Financial Officer (CFO) Carson advised that *Ontario Regulation 361/10, Audit Committees* requires that a summary of work performed by the Regional Internal Audit Team (RIAT) be provided to the Board and the Ministry of Education. This report is in compliance with the requirements set



out in the regulation and covers the period 01 September 2017 to 31 August 2018.

CFO Carson noted that as a result of the RIAT audit of school council funds, the District was able to work closely with the Ottawa-Carleton Assembly of School Councils (OCASC) to help further best practices and accountability. He added that the audit of the District's Continuing Education programs has enabled a broader understanding of the business of continuing education.

Mr. Husband requested that the report include the work that has been undertaken in the areas of compliance and risk management. CFO Carson responded that the District is currently working towards formalizing compliance measures owing to the ongoing work of Manager Lloyd. He noted that the District is not alone in its response to overall risk management and that many school board's across the province are similarly challenged. The provincial government had provided funding to investigate Strategic Enterprise Risk Management (SERM) and the District had hoped to be a part of the pilot which will begin in the fall of 2018. Unfortunately, the District is not included in the pilot but much of the preliminary work has been undertaken by Manager Lloyd and a report should be provided to the committee in January 2019. The department has identified SERM as a goal. He noted that staff in all departments incorporate elements of risk management in their work but there is currently no formal risk management framework.

CFO Carson noted that compliance is addressed in paragraph 9 of the report and at the committee's request it could be expanded and re-titled to reference compliance specifically.

In response to a query from Trustee Scott regarding the deadline for the report's submission to the Board and the Ministry, Manager Gardner noted that the final report will be brought to the Board in December.

Director Adams requested that the CFO work with the Chair of the Audit Committee to ensure the report is rewritten to include reference to both the risk management and compliance practices undertaken by the District. CFO Carson indicated that he would speak with the Ministry liaison to inquire whether or not the deadline for the submission of the report could be extended to ensure the Audit Committee has an opportunity to discuss the amended report.

5.5 Report 18-083, Approval of the 2018-2019 Internal Audit Plan (M. Carson ext. 8881)

Your Committee had before it Report 18-083 seeking approval of the 2018-2019 Internal Audit Plan.

Manager Gardner noted that the plan includes an audit of attendance support, information technology (IT) security management and procurement. The plan also includes a risk assessment update.

CFO Carson advised that staff worked closely with the RIAT to identify priorities within the District and noted that four engagements are proposed for audit during the 2018-2019 school year, but indicated that the new Regional Internal Audit Manager may identify alternate priorities. He added that the audit committee would be advised of any major changes to the annual plan.

In response to a query from Mr. Husband regarding the risk assessment update, CFO Carson responded that system-wide risk assessment is a part of all board operations and that it has guided the audit approach to date but an update is required.

CFO Carson noted the process to replace the Regional Internal Audit Manager has begun and he anticipates an announcement will be made in advance of Superintendent Leach's retirement.

**Moved by Eric Husband,**

**THAT the regional internal Audit Manager's 2018-2019 Internal Audit Plan be approved. (Attached as Appendix C)**

**- Carried -**

5.6 Report 18-090, Final Report: Records and Information Management Audit (M. Giroux ext. 8310)

Your Committee had before it Report 18-090 presenting the Regional Internal Audit Team (RIAT) manager's summary regarding the audit of records and information management.

CFO Carson thanked Ms. Robitaille, Mr. L'orfano and the internal audit team for their work. He noted that the District is committed to transparency and the RIAT provides an audit summary for the public. He noted that staff has begun to implement an action plan in response to the audit recommendations.

Manager Mallan noted that the District has re-established the Privacy Committee and will be hosting a privacy awareness week in the fall of 2018. She added that the District will also be reviewing and updating the records management policy to include advances in technology and digital record keeping.

Mr. Husband requested the nature of the findings be further expanded for the public.

Trustee Penny queried whether or not a moderate rating is a concern. CFO Carson indicated that the RIAT makes a concerted effort to present information to the public in the interest of transparency, however much of the discussion is reserved for in-camera. Many school boards operate their audit committees entirely in-camera. He added that that staff could provide a follow-up memo with further details on the audit to bolster public assurance.

Chair Scott expressed the view that the in-camera report is more detailed as the subject matter involves the security of the property of the board. She noted that many aspects of the audit such as the classification and retention schedule and the destruction of records could be made public.

## 6. Matters for Discussion

### 6.1 Memo 18-108, Regional Internal Audit Team Evaluation Process for 2017-2018 (M. Carson ext. 8881)

Your Committee had before it Memo 18-108 requesting the Committee's input in preparing a high-level performance evaluation for the regional internal audit team (RIAT). Ratings and comments will be summarized and the evaluation, inclusive of management's evaluation, will be presented to the Audit Committee for approval in November 2018.

Chair Scott noted that the completed evaluations should be returned to Manager Gardner by 19 October 2018. CFO Carson added that the information will be shared with Superintendent Leach of the OCSB.

In response to a query from Trustee Penny regarding the education of the newly elected Board members on the role and function of the audit committee and whether or not there are plans for an orientation. CFO Carson indicated that he intends to have KPMG LLP and the RIAT make a joint presentation to new members of the Board. Information will be provided to the new Board and a more formal presentation will be made to the members of the audit committee.

## 7. Information Items

### 7.1 Long Range Agenda

The long-range agenda was provided for information.

Trustee Scott requested that the long-range agenda include reference to the risk management update.

Mr. Husband queried whether or not CFO Carson plans to provide the Audit Committee with year to date financial information noting his previous suggestion that year to date financials be brought to the committee biannually. CFO Carson indicated that he will provide the information at the January meeting.

In response to a query from Trustee Penny regarding succession planning, CFO Carson noted that a Superintendent McCoy is working on a formal succession plan. Director Adams noted that senior staff have discussed succession planning and it is an element of the Director's Work Plan. She added that the new Director of Human Resource has experience with succession planning and she will be involved in the framework. CFO Carson

added that although there is no current formal succession plan, each department has undertaken their own reviews.

8. New Business

There was no new business.

9. Adjournment

The public meeting adjourned at 8:13 p.m.

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Sandra Schwartz, Chair, Audit Committee



**AUDIT COMMITTEE**  
**Report No. 18-081 (Revised)**

**19 November 2018**

**Audit Committee Annual Report for 2017-2018**

**Key Contact: Michael Carson, Chief Financial Officer, (613) 596-8211 ext. 8881**

**PURPOSE:**

1. To seek Audit Committee approval of Report 18-081 as the 2017-2018 annual report of activities for submission to the Board in accordance with *Ontario Regulation 361/10, Audit Committees*. This report is being presented for consideration, as revised, following discussion at the 26 September 2018 meeting of the Audit Committee.

**CONTEXT:**

2. *Ontario Regulation 361/10, Audit Committees* requires that a summary of work performed by the Audit Committee be provided to the Board. This report is in compliance with the requirement set out in the regulation and covers the period 01 September 2017 to 31 August 2018.

**KEY CONSIDERATIONS:**

3. The Audit Committee is integral to the District's corporate governance framework. Reporting to the Board, the Audit Committee works with District management to ensure that matters affecting financial, compliance and risk management activities are conducted appropriately. The Audit Committee meets this mandate by providing oversight in ensuring that management has implemented an appropriate system of internal control, by liaising with internal and external auditors, by discussing risks that may have a significant effect on the District's operational and financial resources, and by reviewing specific financial reports.
4. **Audit Committee Governance**  
 Audit Committee is a statutory committee of the Board. It is established pursuant to *Ontario Regulation 361/10* and is supported by Board policy P.016.GOV. The regulations and policy stipulate various governance requirements including committee composition, maximum term of office for external members, the

minimum number of meetings that must be held during the year and the role and responsibilities of the Committee.

Five individuals serve on the Audit Committee. Prior to 01 December 2014, trustee members were appointed for terms commencing 01 December in each year as part of the Board's annual organizational meeting. The Board policy was updated and now allows for one trustee to be appointed for a two-year term while the others continue to serve one-year terms. In addition to trustee members, two external members are appointed for terms of up to three years.

The following table shows the names of committee members and meeting dates. As required by regulation, attendance at each meeting is also noted.

<u>Committee Members for the Period 01 September 2017 to 30 November 2017</u>	
Trustees: Theresa Kavanagh, Lynn Scott and Sandra Schwartz	
External Members: Annik Blanchard and Erik Husband	
<u>Meeting Date</u>	<u>Attendance</u>
27 September 2017	Erik Husband, regrets
22 November 2017	All members present
<u>Committee Members for the Period 01 December 2017 to 31 August 2018</u>	
Trustees: Sandra Schwartz, Lynn Scott and Keith Penny	
External Members: Annik Blanchard and Erik Husband	
<u>Meeting Date</u>	<u>Attendance</u>
22 January 2018	Annik Blanchard and Keith Penny, regrets
25 April 2018	All present
23 May 2018	All present

Audit Committee met five times during the year. The work performed during the year is summarized below. The work has previously been communicated to the Board through the provision of meeting minutes which are included in Committee of the Whole agenda packages.

#### 5. **Review of Draft Financial Statements**

The *Education Act* requires that school boards prepare audited financial statements annually and make the statements available to the public. A primary responsibility of the Audit Committee is to review the draft consolidated financial statements and recommend them for Board approval.

Audit Committee reviewed the draft 2016-2017 Consolidated Financial Statements at its 22 November 2017 meeting and recommended that the financial statements be approved. The statements were presented to, and subsequently, approved by the Board.

## 6. **Liaising with the External Auditor**

The external auditor met with the Audit Committee and provided an engagement letter and audit plan to ensure that members of the Audit Committee were aware of the purpose, extent and limitations relating to the audit of the 2016-2017 Consolidated Financial Statements. Audit Committee also discussed the draft 2016-2017 Consolidated Financial Statements both publicly and in-camera with the external auditor and reviewed observations and recommendations identified in the auditor's Audit Findings Report. The in-camera meeting included a session restricted to the external auditor and Audit Committee members.

## 7. **Liaising with the Internal Auditor**

The regional internal audit team (RIAT) supports the Audit Committee by providing analyses, assessments, recommendations, and advice that contribute to the effectiveness of risk management, internal control, and governance processes. The RIAT is led by the RIAT manager who reports administratively to the senior business official of the host board (Ottawa Catholic School Board) and functionally to the audit committees in the region.

In June 2015, Audit Committee approved the risk-based 2015-2020 Internal Audit Plan which guides the work of the internal audit team. Audits identified in the plan focus on various policies and processes including those relating to school generated funds, health and safety, staffing and information technology.

The timing and scope of the anticipated work shown in the multi-year plan is, in consultation with Audit Committee, confirmed with the approval of the annual internal audit plan which is developed with consideration of emerging priorities.

The following initiatives were either completed or commenced during the reporting year:

- In September 2017, the RIAT presented the final report on the audit of processes supporting school council funds (SCF). The overall objectives of the audit, which was undertaken as part of the 2016-2017 Internal Audit Plan, were to verify compliance with the School Council Funds Management Guide; evaluate the controls in place over the planning, execution, collection and use of the funds; and assess cash handling practices. The audit confirmed that greater outreach to the school community is required to promote the practices that have been established for managing SCF.
- In November 2017, the RIAT presented the final report on the audit of Continuing Education (CE) programs. The overall objectives of the audit, which was undertaken as part of the 2016-2017 Internal Audit Plan, were to verify compliance with enrolment instructions, Board procedures and Ministry guidelines; and assess the overall efficiency and effectiveness of CE programs. The audit confirmed that staff's efforts to improve administrative practices over the last few years have been effective.

- In June 2018, the RIAT completed an audit of the Records and Information Management (RIM) program. The objectives of this audit were to verify compliance with Board policies, procedures, laws and regulations; assess the internal controls in place; and to examine the effectiveness and efficiency of the RIM process. The audit findings and management responses will be presented to Audit Committee in 2018-2019.
- In March 2018, the RIAT commenced an audit of key processes relating to the management of the Extended Day Program. The work is ongoing and the final report will be presented to Audit Committee in 2018-2019.
- The RIAT manager customarily conducts follow-up reviews to ascertain progress towards implementing changes in response to audit recommendations. In June 2018, the RIAT completed follow-up procedures on the audit of key processes relating to the audit of Patch and Release Management that had been performed in 2015-2016. The findings of the follow-up review will be presented to Audit Committee in 2018-2019.

In addition to approving the internal audit plan and discussing audit findings, Audit Committee provided the host board with an assessment of the work performed by the audit team in 2016-2017. Providing formal feedback to the internal audit team through a high-level performance evaluation contributes to continued improvement in the team's effectiveness. Additional feedback is provided to the audit team during Audit Committee meetings.

Additional information on the work of the RIAT is provided in Report 18-080, 2017-2018 Annual Report on Internal Audit Activity.

#### 8. **Review of Financial Projections**

Monitoring actual performance against the Board's approved budget allows management to identify opportunities to reallocate resources to address emerging needs and to respond to changes in revenue streams and expense patterns.

Finance staff presented two forecasts to Audit Committee in 2017-2018. The forecasts confirmed that budget development practices have changed and that anticipated year-end results are now more consistent with the spending plans shown in the approved budget.

Audit Committee's work has encouraged staff to continue its efforts to enhance budgeting and financial monitoring practices. Three forecasts are planned for the coming year.



## 9. **Risk Management**

The duties of the Audit Committee related to the District's risk management activities include inquiring about significant risks, to review the District's policies for risk assessment and risk management and to ensure there is adequate insurance to cover risks. Significant risks are brought to the attention of the Audit Committee through the Director of Education and Chief Financial Officer through verbal reports as well as in external and internal auditor reports. Audit Committee also receives a staff report annually on the District's insurance coverage and associated costs.

In May 2018 the Audit Committee identified that an audit of enterprise risk management (ERM) practices should be considered. The Ministry of Education has developed a strategic enterprise risk management (SERM) framework for school boards and has piloted the framework with four school boards in the past year. This framework aligns with the new International Organization for Standardization (ISO) 31000 risk management guidelines. Risk Management staff has expressed interest in adopting the framework and are planning to start implementation and training on the ERM in January 2019. Information regarding the ERM framework will be shared with the Committee when it is released by the Ministry.

## 10. **Regulatory Compliance**

The Audit Committee is responsible to ensure that appropriate processes and controls are in place so that the District is in compliance with regulations and to monitor and correct instances of non-compliance. A report is provided annually to the Audit Committee on the key statutes and regulations governing the District, the associated substantial compliance or areas of partial or non-compliance, and the plan for becoming fully compliant.

## 11. **Oversight of Internal Controls and Regulatory Compliance Reporting**

Audit Committee recognizes that a system of internal control is essential to managing risk and to ensuring the provision of quality financial information. Audit Committee's oversight of internal controls included receiving formal presentations and having discussions on key areas including:

- responsibilities of Audit Committee and the role of the internal auditor;
- information technology and information security;
- adherence to purchasing policies and procedures including the effect of new trade treaties;
- management of school generated and school council funds;
- succession planning; and
- incidents that may result in significant financial and reputational risk.

## 12. **Mandatory Audit Committee Reports**

*Ontario Regulation 361/10* requires that Audit Committee provide the Board with a summary of its activities for the previous fiscal year. A separate report summarizing the work of the RIAT during the previous fiscal year must also be provided to the Board and shared with the Ministry of Education.

In September 2017, Audit Committee approved the mandatory reports for 2016-2017 and the report summarizing the work of the RIAT was submitted to the Ministry.

13. **Summary**

Audit Committee performs work that contributes to the District's successful corporate governance framework. The work performed by the Audit Committee during 2017-2018 continues to enhance the District's internal control, risk management, and financial reporting processes.

**RESOURCE IMPLICATIONS:**

14. Approval of the report has no financial impact.

**COMMUNICATION/CONSULTATION ISSUES:**

15. The report was prepared by Finance staff. Public consultation was not undertaken.

**STRATEGIC LINKS:**

16. An effectively functioning Audit Committee and approach to risk management is a key component in the Board's efforts to allocate resources in a sustainable manner. Audit Committee works with District management to ensure that matters affecting financial, compliance and risk management activities are conducted efficiently and that an appropriate system of internal control exists.

**RECOMMENDATION:**

THAT Report 18-081 be approved as the Audit Committee Annual Report to the Board for 2017-2018.

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Michael Carson  
Chief Financial Officer

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Jennifer Adams  
Director of Education and  
Secretary of the Board



**AUDIT COMMITTEE  
Report No. 18-107**

**19 November 2018**

**Regulatory Compliance**

**Key Contact: Michael Carson, Chief Financial Officer, 613-596-8211  
ext. 8207**

**PURPOSE:**

1. To provide information on the processes and controls in place to ensure that the District is in compliance with key regulations and statutes.

**CONTEXT:**

2. One of the roles of the Audit Committee is to ensure that appropriate processes and controls are in place to ensure that the District is in compliance with statutes and regulations; and that processes are in place to correct instances of non-compliance.

While the regulatory compliance register is a living document, the register captures the key statutes and regulations of the 2016-2017 and 2017-2018 school years.

Two years of regulatory compliance reporting are being presented at this time, due to a fulsome internal discussion last year about how to best present work that was being undertaken to achieve compliance.

**KEY CONSIDERATIONS:**

3. Developing and operationalizing compliance procedures and processes occurs at the departmental level, by staff that has the greatest understanding of the compliance requirements.

Regulatory compliance is achieved and monitored in many ways:

- a. Through Ministry Directives and Policy/Program Memorandum (PPM);
- b. Through formal District policies, procedures, standard operation directives and processes that staff must follow;
- c. Through various levels of supervisory and management oversight of the work performed within the District;

- d. Through self-regulations as many staff members are bound by their professional standards and their professional code of ethics;
- e. Through staff training and certifications which includes in-depth knowledge of the regulatory requirements in their area of work/responsibility; and,
- f. Orders to comply, fines, penalties, tribunal or judicial reviews by external agencies with oversight responsibility in their respective areas

Attached as Appendix A is a memorandum to Audit Committee indicating that the District has operational processes and practices in place to ensure substantial compliance with key statutory and regulatory requirements in most areas.

The departmental managers responsible have provided an attestation to their respective superintendents that, for the 2016-2017 and 2017-2018 school years, to the best of his/her knowledge, as to the level of compliance their department is in with respect to statutory and regulatory requirements. Where partial compliance or non-compliance is identified by the manager, it is documented including the actions that are occurring to ensure substantial compliance. For example, at any given time staff may be in the process of writing, updating or implementing new processes to meet the ever-changing statutes or regulatory requirements; or responding to immediate gaps that have been identified either internally or externally through the respective compliance mechanisms, i.e., Ministry of Labour inspections, Technical Standards & Safety Authority (TSSA) inspections, Electrical Safety Authority (ESA) inspections, etc.

The following are some examples of where departments are working on in developing processes and controls to achieve full compliance:

- a. One area identified by the Supply Chain Management (SCM) division as substantial compliance is the Comprehensive Economic and Trade Agreement (CETA) and Canadian Free Trade Agreement (CFTA). SCM has updated the departmental competitive bid documents, has advised staff in other departments of the required changes under the agreements but SCM is still updating the relevant District policies and procedures for alignment and is in the process of implementing an e-bidding portal to receive submissions electronically;
- b. Two areas identified by Facilities staff as substantial compliance are where procedures are being created to deal with lock-out or tag-out of equipment as required under the *Occupational Health & Safety Act* and a procedure to deal with arc flash under the Electrical Safety Authority regulation. Facilities also indicated that while they are in compliance with the timeframe allowed under the *Safe Drinking Water Act*, they have completed the elementary schools to date and are now starting to implement the correct testing and protocols in the secondary schools, thereby becoming fully compliant in 2020, a year ahead of the deadline as allowed under the Act;
- c. In March 2018, The Ontario Human Rights Commission released, a *Policy on Accessible Education for Students with Disabilities*. Learning Support Services staff are currently reviewing District procedures and practices with respect to accommodations for students with special education needs to assess alignment with this policy position; and,

- d. Human Resources staff is working on a policy and procedure with respect to staff drug and alcohol use, including the requirements under the new *Cannabis Act* that came into effect 17 October 2018.

In staff's opinion, it is impossible to know, with certainty that all District staff are in compliance with all statutory and regulatory requirements at all times; however, by requiring the annual departmental identification of new statutes and regulations and by reviewing existing key statutory and regulatory requirements, staff is reminded of their responsibilities under the statute or regulation. This allows for the review of District processes and controls in place to become substantially compliant with the legislation, and for the identification of any non-compliance and subsequent corrective action.

It is the responsibility of the superintendents to monitor the proposed departmental work plans and timelines to ensure compliance is achieved in a timely manner and corrective action is taken where required.

#### Conclusion

As the regulatory landscape keeps changing, staff is constantly working on processes and controls to achieve compliance. Our review satisfied us that there are substantial processes in place to provide direction on compliance, to monitor compliance and for follow-up where non-compliance is suspected.

### **RESOURCE IMPLICATIONS:**

4. The District continues to see increasing demands for accountability and regulatory compliance. While staff is committed to providing safe and healthy learning environments for students, it should also be noted that trying to achieve compliance with the increasing levels of regulation is creating extensive demands on resources, both financial, as well as staff time.

Although the District has not encountered any non-compliance financial penalties in recent years, statutory or regulatory compliance can result in significant fines or penalties.

### **COMMUNICATION/CONSULTATION ISSUES:**

5. Communication has occurred with individual departmental managers to gather and understand their regulatory requirements and the associated processes and controls that are in place to achieve compliance.

### **STRATEGIC LINKS:**

6. Reviewing the processes and controls, that staff have implemented or are putting in place to achieve regulatory compliance, is an example of enhanced operational practices to effectively and responsibly manage human and financial resources in support of students.

## **GUIDING QUESTIONS:**

7. The following question is provided to support the discussion of this item by the Committee:
  - Does this annual compliance report satisfy the Audit Committee's objective of ensuring the effectiveness of the District's system for monitoring statutory and regulatory compliance?

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Michael Carson  
Chief Financial Officer  
(ext. 8881)

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Jennifer Adams  
Director of Education and  
Secretary of the Board

## **APPENDICES**

Appendix A - Regulatory Compliance Memorandum



## MEMORANDUM

TO: Audit Committee

FROM: Jennifer Adams, Director of Education and Secretary of the Board  
Michael Carson, Chief Financial Officer

DATE: 19 November 2018

RE: **Regulatory Compliance**

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During the 2016-2017 and 2017-2018 fiscal year, we can confirm that our operational processes and practices were satisfactory to demonstrate that the Ottawa-Carleton District School Board is in compliance with the regulatory requirements listed below, in all substantial matters. Where non-compliance has been identified, corrective action has been taken or is underway.

- *Accessibility for Ontarians with Disabilities Act (AODA)*
- *Anti-Racism Act*
- *Audiology & Speech-Language Pathology Act*
- *Broader Public Sector (Accountability Act)*
- *Canada's Anti-Spam Legislation*
- *Canada Revenue Agency Act*
- *Canada-European Union (EU) Comprehensive Economic and Trade Agreement*
- *Canadian Free Trade Agreement.*
- *Child and Family Services Act*
- *Canadian Radio-television Telecommunications Commission*
- *Education Act*
- *Electricity Act*
- *Employment Standards Act*
- *Environmental Protection Act*
- *Fire Prevention and Protection Act*
- *Green Energy Act*
- *Health Care Consent Act*
- *Municipal Elections Act*
- *Municipal Freedom of Information and Protection of Privacy Act*
- *Occupational Health and Safety Act*
- *Ontario Building Code*

- Ontario Human Rights Code
- *Personal Health Information Protection Act*
- *Pesticides Act*
- *Psychology Act*
- Quebec / Ontario Trade Agreement
- *Regulated Health Professions Act*
- Ryan's Law
- Sabrina's Law
- *Safe Drinking Water Act*
- *Social Work and Social Service Work Act*
- *Technical Standards and Safety Authority*
- *Waste Diversion Act*
- *Workplace Safety and Insurance Act*
- *Youth Criminal Justice Act*

Date: \_\_\_\_\_  
Month, Day, Year

\_\_\_\_\_  
Michael Carson  
Chief Financial Officer

Date: \_\_\_\_\_  
Month, Day, Year

\_\_\_\_\_  
Jennifer Adams  
Director of Education and  
Secretary of the Board



**Audit Committee  
Long Range Agenda  
2018-2019**

**19 November 2018**

1.	Approval of District Consolidated Financial Statements	Public	MC	Action
2.	External Audit on EDP and Child Care Programs	In Camera	MC	Info
3.	Regulatory Compliance Register	Public	MC	Info
4.	Evaluation of Regional Internal Audit Team performance	In Camera	MC	Action
5.	Analysis of the District's 2017-2018 Financial Results	Public	MC	Info
7.	Audit Committee External Member Selection Process	Public	MC	Info

**23 January 2019**

1.	Orientation to Audit Committee	Public	MC	Info
2.	Purchasing Policy Exceptions	Public	MC	Info
3.	2018-2019 Revised Estimates	Public	MC	
4.	Election of Chair (Annual)			

**Cyclical/Regular Items**

1.	Receipt of Report (Minutes) from previous meeting			Action
2.	Review internal audit team findings completed since last meeting	In Camera	MC	Info
3.	Long Range Agenda	Public	MC	Info
4.	Regional Internal Auditor's Multi-Year Internal Audit Plan (June)	In Camera	MC	Action
5.	External Auditor's Audit Plan for the Year-End Audit (September)	Public	MC	Action
6.	Financial Forecast/Revised Estimates (Jan, Apr, June)	Public	MC	Info
7.	Evaluation of Regional Internal Audit Manager and Team (Nov)	In Camera	MC	Action
8.	Annual Audit Committee Reports to Ministry and Board (Sept)	Public	MC	Action
9.	Approval of District Financial Statements (November)	Public	MC	Action
10.	Orientation to Audit Committee ( January)	Public	MC	Info
11.	Information Technology Update (June and November, as required)	In Camera	SL	Info
12.	In Camera Action Tracking Log	In Camera	MC	Info
13.	Self-evaluation of the Audit Committee (November)	Public	MC	Info
14.	Legal Issues Being Defended by OSBIE (periodically)	In Camera	MC	Info
15.	Purchasing Exceptions Reporting (Annual)	Public	MC	Info
16.	OSBIE Incident Report to Audit Committee (April)	In Camera	MC	Info

**Future Agenda Items to be Scheduled**

1.	Succession Planning	In Camera	MC	Action
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*Updated 14 September 2018*