



NOTICE OF MEETING

AUDIT COMMITTEE

**Wednesday, 27 March 2019
Trustees' Committee Room
7:00 p.m. Public
In Camera to Follow**

COMMITTEE MEMBERS:

Mark Fisher
Trustee, Zone 11

Sandra Schwartz
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

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

Wednesday, March 27, 2019, 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. | Orientation to Audit Committee Presentation | |
| 5.1 | Introduction of Genevieve Segu, Regional Internal Audit Manager | |
| 6. | Matters for Action | |
| 6.1 | Review of Audit Committee Report | |
| a. | 21 January 2019 | 2 |
| b. | Business Arising | |
| 7. | Matters for Discussion | |
| 7.1 | Report 19-016, Strategic Enterprise Risk Management Framework | 8 |
| 8. | Information Items | |
| 8.1 | Long Range Agenda | 38 |
| 9. | New Business | |
| 10. | Adjournment | |



AUDIT COMMITTEE REPORT (PUBLIC)

**Monday, January 21, 2019
7:00 pm
Trustees' Committee Room
133 Greenbank Road
Ottawa, Ontario**

Members: Sandra Schwartz (Trustee), Mark Fisher (Trustee), Keith Penny (Trustee), Erik Husband (External Member)

Staff and Guests: Lynn Scott (Trustee), Camille Williams-Taylor (Director of Education), Michael Carson (Chief Financial Officer), Kevin Gardner (Manager of Financial Services), Bill Tyers (Risk Management Analyst), Nicole Guthrie (Board/Committee Coordinator)

1. Call to Order

Trustee Schwartz called the public session to order at 7:06 p.m and acknowledged that the meeting is taking place on unceded Algonquin Territories and thanked the Algonquin Nations for hosting the meeting on their land.

2. Election of Chair

Trustee Schwartz self-nominated for the position of Chair of the Audit Committee.

Moved by Trustee Fisher,

THAT the nominations be closed.

Carried

Trustee Schwartz was declared the Chair of the Audit Committee by acclamation.

3. Approval of Agenda

Moved by Erik Husband,

THAT the agenda be approved.

Carried

4. Delegations

There were no delegations.

5. Superintendent's Report

Chief Financial Officer (CFO) Carson advised that Memo 19-011 was circulated to trustees regarding the status of 2018-2019 Education Program Grants-Other (EPO). The memo noted that services in 2018-2019 would not be adversely affected and that the potential impact of the Ministry's announcement to discontinue or renew grants at a reduced amount would be confirmed at a later date. The potential impacts of the changes will be considered during the budget process.

CFO Carson advised that over the Christmas break a broken water pipe at Earl of March Secondary School resulted in the flooding of a section of the school. The school was closed on 7 January 2019 as a result. The school re-opened to students on 8 January 2019 with temporary relocations. The clean-up required the removal of drywall as well as asbestos and mould abatement. The Energy Management team is investigating remote monitoring systems to prevent further incidents from occurring. The District did not experience any other incidents as a result of the extreme cold.

CFO Carson advised that many District facilities have flow sensors. The Ontario School Boards' Insurance Exchange (OSBIE) is reviewing the use of flow sensors and may provide incentives to fund their installation.

CFO Carson welcomed the new Director of Education, Camille Williams-Taylor.

6. Audit Committee - 2019 Planning

Your Committee had before it Memo 19-008 providing an opportunity for the Committee to discuss its goals and direction for the coming year.

Trustee Fisher commented on the connections between the state of District-owned buildings and risk noting the importance of continued investment in capital assets and the maintenance of the capital schedule. He expressed the view that the facilities conditions index should be evaluated with respect to risk.

Mr. Husband highlighted his continued interest in the District adopting and implement an enterprise risk management framework. He also expressed the view that the Committee be provided with an opportunity to review the year-to-date financial statements quarterly.

CFO Carson noted that Manager Lloyd is currently working on a proposal to begin the introduction of an enterprise risk management framework.

The members discussed compliance with Ontario Regulation 361/10 to ensure the deliverables of the Committee are met.

The members suggested the long range agenda be revised to become a work plan.

Chair Schwartz expressed the view that succession planning should remain on the long range agenda for future discussion. Members have raised the issue in the past and concerns on the matter remain.

Trustee Fisher indicated that it would be important for the Board and senior staff to determine the organizational tolerance for risk and ensure a consistency of practice to minimize risks.

Trustees Fisher and Scott requested further discussions at the Committee and Board level on the matter of risk and risk tolerance.

Chair Schwartz noted the reports of the Audit Committee are shared with trustees and it would be valuable to have a broader discussion on the findings of the Regional Internal Audit Team (RIAT) at the Board level. Trustees need to be aware that the findings, while sometimes small, could present a larger risk over time.

7. Matters for Action

7.1 Review of Audit Committee Report

a. 19 November 2018

Moved by Erik Husband,

THAT the Audit Committee report, dated 19 November 2018, be received.

Carried

b. Business Arising

There was no business arising.

8. Matters for Discussion

8.1 Report 19-001, Purchasing Policies Exceptions

Your Committee had before it Report 19-001, providing information on the purchasing policies exceptions for the period September 2017 to August 2018.

CFO Carson noted that the number of sole source exceptions for the 2017-2018 fiscal year remained the same as the previous year and most of the exceptions were a result of software licensing and agreements related to building control systems.

CFO Carson advised that the number of non-application exceptions decreased in the 2017-2018 fiscal year while the number of single source exceptions increased. Staff continues to reinforce the competitive procurement process and the need for advance planning. The purchasing policies exceptions do not pose a significant risk to the District.

In response to a query from Trustee Scott regarding the use of funds raised by school councils in purchasing locally, CFO Carson noted that although school councils may wish to purchase goods and equipment through local commercial outlets, the assets become the property of the District and

must be maintained. Over time, and through the use of consistent messaging, school councils and staff are beginning to understand the value of the competitive bid process and approved vendor lists.

In response to a query from Trustee Fisher, CFO Carson noted that local services are often addressed in the scoring of the bid. Although scoring is tightly regulated, some weight is given to the local presence and the strength of the local office can be a key factor (e.g., legal services). Local services are valued as the service will often be quicker and more effective if locally provided.

8.2 Report 19-002, 2018-2019 Revised Estimates

Your Committee had before it Report 19-002 providing information on the changes reflected in the District's 2018-2019 Revised Estimates as compared to the District's 2018-2019 Budget.

During discussion, and in response to questions, the following points were noted:

- The revised estimates reflect a surplus of \$2.8 million for the 2018-2019 school year;
- Staff were cautious with the recommendation of the use of \$5.4 million to support capital spending for investments in technology and student furniture. A recommendation will be presented at the 22 January 2019 Committee of the Whole Budget meeting;
- Compensation related instruction costs are projected to provide a savings of \$9.1 million. A review of the factors contributing to the savings identified an anomaly related to the compensation of new teaching staff who are generally compensated at lower rates of pay;
- Facility operations has incurred an increase owing to property lease costs and the additional costs of portable relocation;
- Transportation costs have increased as a result of the driver retention mitigation strategy intended to reduce bus driver turnover approved by the Ottawa Student Transportation Authority (OSTA) Board in June 2018;
- An accumulated surplus of \$37.7 million provides the District with the capacity to transition to the possibility of decreased revenue;
- The District has appropriated approximately \$17.0 million in contingencies to be used to respond to revenue shortfalls or increased expenses;
- Local Priorities System Investment funding currently supports 87.7 FTEs. That funding expires in August 2019. With the accumulated surplus the District will be able to manage the continuation of those positions, however, their prolonged extension will impact future budgets;
- The District will continue its commitment to community groups and the community use of space until the end of the 2018-2019 school year;
- Continued enrolment growth is projected for next year;

- Mr. Husband queried the growing surplus and whether or not staff has an estimate of an appropriate surplus. CFO Carson noted the Ministry mandated Multi-Year Financial Recovery Plan (MYFRP) was specific in its recommendation that the District maintain a reserve of between 1.5 and 2 percent of the calculated revenues. He noted that staff are more confident that a reserve of 2 to 3 percent would be more appropriate at the time;
- Staff anticipates funding reductions owing to the Ontario government's goal of reducing the provincial deficit and will continue to be cautious in the preparation of future budgets;
- In response to a query from Mr. Husband regarding folio 36 and the year-to-date expenses associated with employment, CFO Carson noted that teaching positions are often filled with occasional teachers (OTs) until contracts are signed. The District does not incur the full cost of the teachers until they are permanently placed;
- The change in the fees, contractual and rentals expenses listed on folio 36, is a result of the provision of some retroactive charges incurred in the first quarter; and
- Chair Schwartz expressed concern over the increased cost of OTs and its protracted impact on the budget year-to-year. CFO Carson noted that staff continues to investigate the matter and believe the issue may be a result of changes to sick leave within the collective agreements. Without the ability to bank sick leave, the District has seen a corresponding higher rate of absenteeism. The OT costs may also be a result of inadvertent coding errors in the Human Resources system. The Ontario Public School Board Association (OPSBA) is interested in this issue as it is common to many school boards across the province and negatively impacts student learning.

9. Information Items

9.1 Long Range Agenda

CFO Carson advised that staff will review the comments made by members during the discussion of item 6 and make the necessary revisions to the long range agenda. Chair Schwartz and CFO Carson will meet in advance of the 27 March 2019 meeting to review the draft long range agenda.

Trustee Fisher expressed the view that the Board's strategic planning retreat should include a discussion on ERM.

10. New Business

There was no new business.

11. Adjournment

The public meeting adjourned at 8.13 p.m.

Sandra Schwartz, Chair, Audit Committee



AUDIT COMMITTEE (PUBLIC) **Report No. 19-016**

27 March 2019

Strategic Enterprise Risk Management Framework

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

PURPOSE:

1. To provide information with respect to the implementation of a Strategic Enterprise Risk Management (SERM) framework with the assistance of the Ontario School Board Insurance Exchange (OSBIE).

CONTEXT:

2. The SERM framework is described as a tool to help decision makers better manage risk in a more coherent way across the organization, centering all risk information on the district objectives. The implementation of a SERM framework will provide the District with a better understanding of risks, impacts and priorities within the District's specific environment.

A SERM framework will enhance the District's strategic planning and operational processes by minimizing its risk exposure, reducing uncertainty and maximizing opportunity. It will enable the District to address risks and challenges while improving overall strategic governance and decision making.

SERM is implemented by applying the common risk management process to key business processes involving decision making, such as: strategic planning, operations planning, budgeting, staffing, and specific projects. The common risk management process includes: identification, analysis, evaluation, treatment, monitoring and review. Identified risks are assessed based on likelihood and impact.

KEY CONSIDERATIONS:

3. Background
Regulation 361/10, Audit Committees, established the mandate of the Audit Committee, including its role in risk management oversight.

In 2017-2018, the Council of School Business Officials of Ontario (COSBO) undertook a project to develop a Strategic Enterprise Risk Management (SERM) model and process in support of effectiveness and efficiency in Ontario school boards. The Ontario School Board Insurance Exchange (OSBIE) was engaged to assist the COSBO steering committee with the development of the framework. The four school districts, Conseil des écoles catholiques du Centre-Est, CSC Frano-Nord, Rainy River DSB, and Waterloo Region DSB, piloted the SERM framework and provided feedback.

The framework is aligned with the International Standards Organization (ISO) 31000 model, is customized for Ontario school districts, and is supported by an implementation guide and toolkit that was developed by the COSBO/OSBIE project team. A key project advisor to the project team was Jan Mattingly, who is a local resident and a recognized national and international thought leader on risk management.

Attached as Appendix A is the OSBIE work plan for Phase 1, Enterprise Risk Management (ERM) Readiness Assessment; Appendix B is a recent SERM presentation to the Council of Ontario Directors of Education (CODE) CEO/CFO Annual Conference on 25 January 2019.

There have been ongoing discussions over the last five years at Audit Committee highlighting the need for more focus on risk management.

4. Current State of Risk Management

The Board of Trustees, under their fiduciary duties, has ultimate responsibility for managing all risk. The Board provides direction on the District's risk management approach towards risk. The Director of Education and senior staff is accountable for managing risk through compliance with statutes, regulations, policies, procedures, standard operating practices, processes or systems, through accountability and responsibility structures.

Currently the view of risk across the organization is varied; the responsibilities for risk management are unclear; and, there is no defined organizational risk appetite or risk tolerance. At present, risk is being managed informally, but with the implementation of SERM, an opportunity to make connections between strategic objectives and the assessment of risk will exist.

In 2014, senior staff recognized that risk was becoming more prevalent and more complex and a separate business unit was developed to assist with the management of hazard, operational, financial and reputational risks; the Risk and Supply Chain Management department was created.

While there has already been much success in the risk management area, it is time to move to a more formal ERM approach to managing risk.

5. Project Plan

The SERM project plan consists of two phases – Phase 1, ERM Readiness Assessment and Phase 2, ERM Implementation. Phase 2 is out of scope at this time. Phase 1 will include:

- a project briefing and kick-off meeting with the Chief Financial Officer (CFO) and Manager of Risk Management;
- ERM assessment planning - review of strategic planning reports/documents;
- a review of internal audit reports;
- a review of District performance measurement reports;
- a review of the District's top priorities;
- an introductory and overview meeting with senior staff;
- an analysis; and assessment of the information/findings in relation to ISO 31000:2018 Risk Management;
- validation of the findings;
- a presentation of the ERM readiness assessment findings; and,
- development and presentation of project plans for Phase 2, ERM Implementation for District consideration.

Phase 1 is expected to be completed by the end of June 2019. This work will be led by Julie Welch, Manager of Risk for OSBIE and subject matter expert, Jan Mattingly. (Details are outlined in Appendix A.)

6. Project Objectives

Phase 1 objectives will be the completion of the SERM readiness assessment and a project plan for Phase 2, Implementation Phase including a timeline, deliverables, and budget estimate and resource requirements.

Phase 2 objectives will consist of:

- a SERM framework integration planning and execution;
- development of a District SERM toolkit (including a risk appetite statement, risk rating approach, development of a risk register and risk reporting format);
- SERM training and orientation to various stakeholders; and,
- transition of SERM work to District staff.

7. Expected Outcomes

The SERM framework will be tailored and scaled to the District's specific needs which will assist in addressing risks and challenges, while improving strategic governance and decision making to achieve our strategic objectives.

The framework will assist in identifying key risks under a District-wide approach, consistent with a District-approved risk appetite policy and risk register.

A risk-aware culture will be developed to help distinguish between risk taking and risk avoidance based on the established District risk appetite.

Risk ownership will be assigned to appropriate individuals responsible for identifying, evaluating, mitigating and reporting risk exposures.

8. Definitions and Examples

Risk appetite is the amount and type of risk that an organization is willing to pursue or retain.

Risk tolerance is the organization's readiness to bear the risk after applying risk treatments in order to achieve the organization's objectives. In other words, it is the maximum amount of risk that the organization is prepared to allow after risk controls have been implemented.

The risk tolerance for the diversity of risks that occur within the District may vary depending on the risk. For example, the risk tolerance for an activity where the potential for a student injury involving a scraped arm or leg would be higher than an activity where the potential for a student to suffer a broken limb or head injury, would result in a lower risk tolerance.

RESOURCE IMPLICATIONS:

4. The cost for Phase 1 will be managed within the existing operational budget.

Phase 1, SERM Assessment phase requires staff time which will be absorbed in the Risk Management departmental time and budget.

Phase 2, SERM Implementation will be included in the 2019- 2020 budget process. As everyone has some responsibility for risk, there will be a time commitment required of senior staff and departmental managers to assist in the implementation.

COMMUNICATION/CONSULTATION ISSUES:

5. There have been ongoing discussions with the Audit Committee with respect to a more formalized risk management approach and process.

The Regional Internal Audit Manager (RIAM) has also communicated interest in risk management, particularly ERM, and will begin a new risk assessment plan for internal audit commencing in the spring of 2019.

During the Phase 1, ERM Readiness Assessment phase, communication will be primarily with senior staff, Audit committee and Regional Internal Audit Team (RIAT).

Phase 2, ERM Implementation will require the support of the Communications department as staff roll out the SERM framework to all stakeholders. A more detailed communication plan will be developed at the start of Phase 2.

STRATEGIC LINKS:

6. The objective of the SERM readiness assessment (Phase 1) is to prepare the District to implement the SERM framework (Phase 2). Implementation of SERM will enable the District to address risks and challenges while improving overall strategic governance and decision making, aligning to the stewardship pillar of the District's strategic plan.

GUIDING QUESTIONS:

7. The following questions are provided to support the discussion of this item by the Committee:
 - Why is this initiative being undertaken?
 - What are the expected outcomes of this initiative?
 - How does this work connect with the Board's strategic objectives?

Michael Carson
Chief Financial Officer
(ext. 8881)

Camille Williams-Taylor
Director of Education and
Secretary of the Board

APPENDICES

Appendix A – OSBIE, ERM Readiness Assessment Work Plan

Appendix B - SERM Presentation to CODE CEO/CFO Annual Conference, Jan. 2019



APPENDIX A to Rpt. 19-016

Phase 1 – ERM Readiness Assessment

Proposed Timeline: January 6 to March 10, 2019 (or similar)

Task	Estimated Level of Effort	Deliverable
Task 1: Project Initiation with OCDSB Management Briefing (15-20 minutes) <ul style="list-style-type: none"> - What to expect - Sample ERM outcomes from other school boards (incl. lessons learned) - ERM outcomes from other educational organizations - Project overview & typical deliverables - Proposed briefing schedule - Project opportunities, sensitivities and constraints 	5 days	Project Briefing & Overview to OCDSB Management
Task 2: Detailed ERM Assessment Planning <ul style="list-style-type: none"> - Ratify Project Timeline (Constraints, parallel initiatives, etc.) - List of Documents for review - Interview-Focus group design & proposed participants 	3 days	Detailed ERM Readiness Assessment Plan
Task 3: Conduct ERM Readiness Assessment <ul style="list-style-type: none"> - Review documents to identify organizational, project and functional synergy with ERM and risks and risk attitude-approach-rating systems including OCDSB planning, budgeting and HR planning cycles - Analyze and summarize preliminary ERM assessment results in relation to ISO 31000 (2018) and OSBIE SERM expectations - Validate findings with interview-small focus group participants - Adjust assessment results based on additional insights and input from OCDSB 	8-11 days	Preliminary validated ERM Readiness Assessment and proposed implementation plan options
Task 4: Present ERM Readiness Assessment Results & Final Project Plan <ul style="list-style-type: none"> - Develop summary presentation of findings - Develop project plan options to advance ERM at OCDSB including timing, deliverables, budget and resource implications 	6 days	Approved ERM Readiness Assessment and Implementation Plan for Phase 2

Total Estimated Level of Effort: 25 days



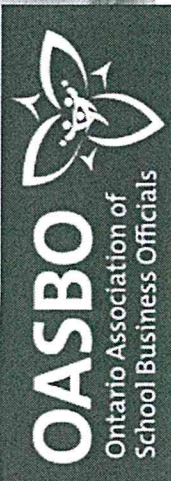
Phase 2 – ERM Implementation

Proposed Timeline: March 15 to June 30, 2019 (or similar)

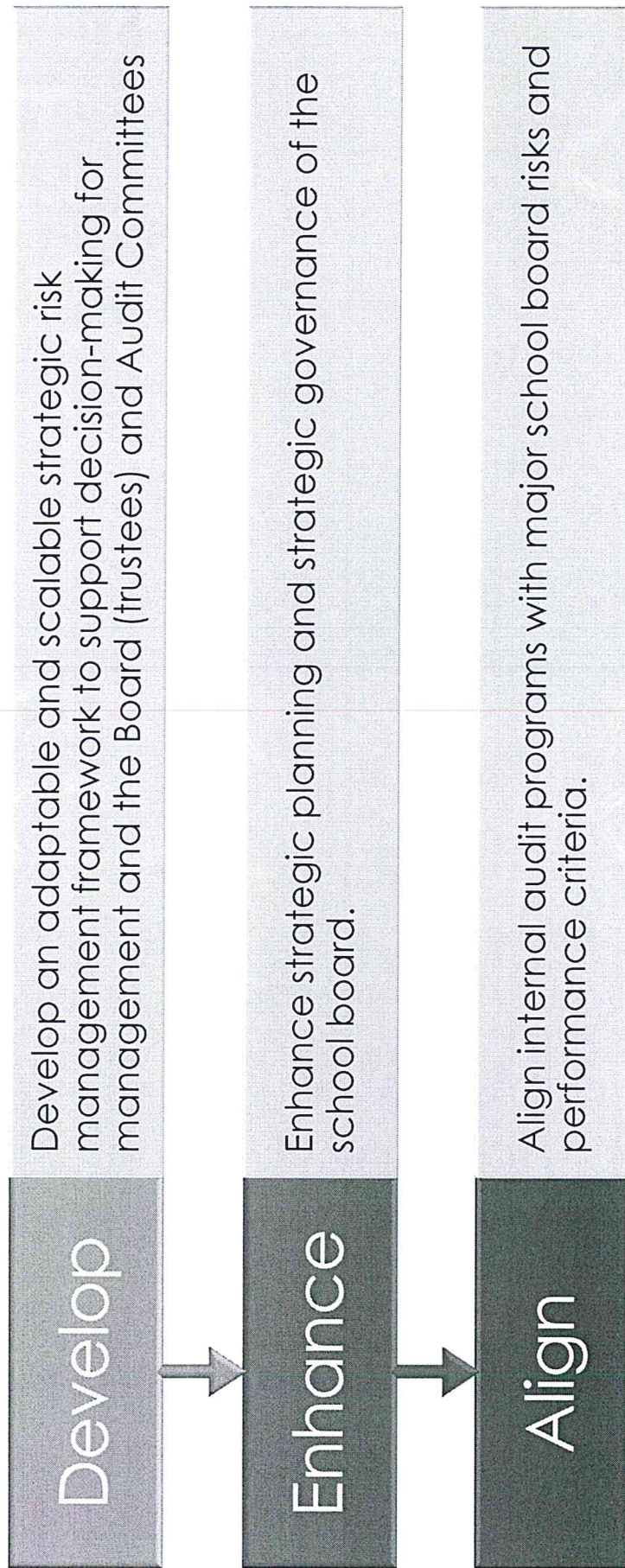
Sample Tasks	Estimated Level of Effort	Sample Deliverable
Task 1: Conduct Strategic Risk Assessment	TBD	OCDSB Profile of Key Risks (“Corporate Profile”) and planning implications for 2020
Task 2: Prepare ERM Integration	TBD	ERM Integration Plan
Task 3: Execute ERM Integration – Planning <ul style="list-style-type: none"> - Reviewing resource allocation and the OCDSB Planning and budget cycles & processes - Establishing natural crossover points in all three processes for inclusion or enhancement of risk management activity 	TBD	ERM Integration into OCDSB Planning process, guidance, tools & training
Task 4: Develop, test and refine OCDSB SERM Toolkit <ul style="list-style-type: none"> - Risk appetite statement orientation - Risk rating approach - Risk register - Risk reporting format 	TBD	OCDSB SERM toolkit
Task 5: Develop & deliver ERM component of Management Training & orientation	TBD	OCDSB Management Training of SERM
Task 6: Develop ERM component of OCDSB existing training & orientation	TBD	OCDSB General Training of SERM & Toolkit
Task 7: (Option) conduct risk assessment unique to OCDSB project and upcoming key decision applying OCDSB SERM Toolkit	TBD	Optional additional Risk Assessment for a decision-project
Task 8: Project transition to OCDSB resources	TBD	Lessons Learned & Key Outcomes
Task 9: Project Closeout	TBD	Final payment

Note: Phase 2 Level of Effort estimates will be detailed and, if needed, adjusted at the end of Phase 1, Task 4.

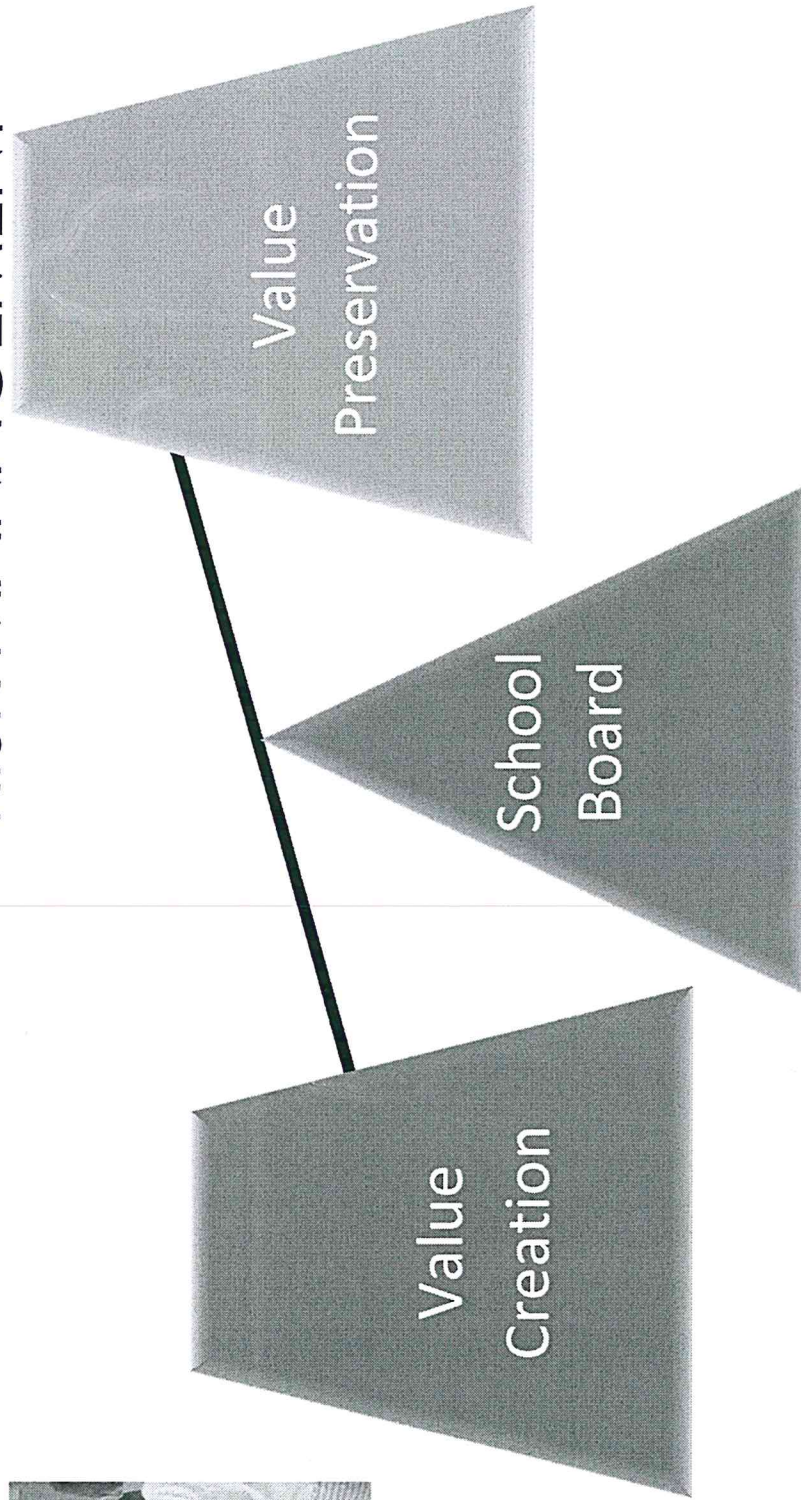
STRATEGIC ENTERPRISE RISK MANAGEMENT FOR ONTARIO SCHOOL BOARDS



PROJECT OBJECTIVES AND OUTCOMES



THE VALUE OF STRATEGIC ENTERPRISE RISK MANAGEMENT



ASK YOURSELF...

**WHAT ARE THE MAIN
RISKS THAT MAY
AFFECT THE ABILITY TO
ACHIEVE YOUR
STRATEGIC PRIORITIES?**

Priorities

- ①
- ②
- ③



THE PURPOSE OF A SERM FRAMEWORK

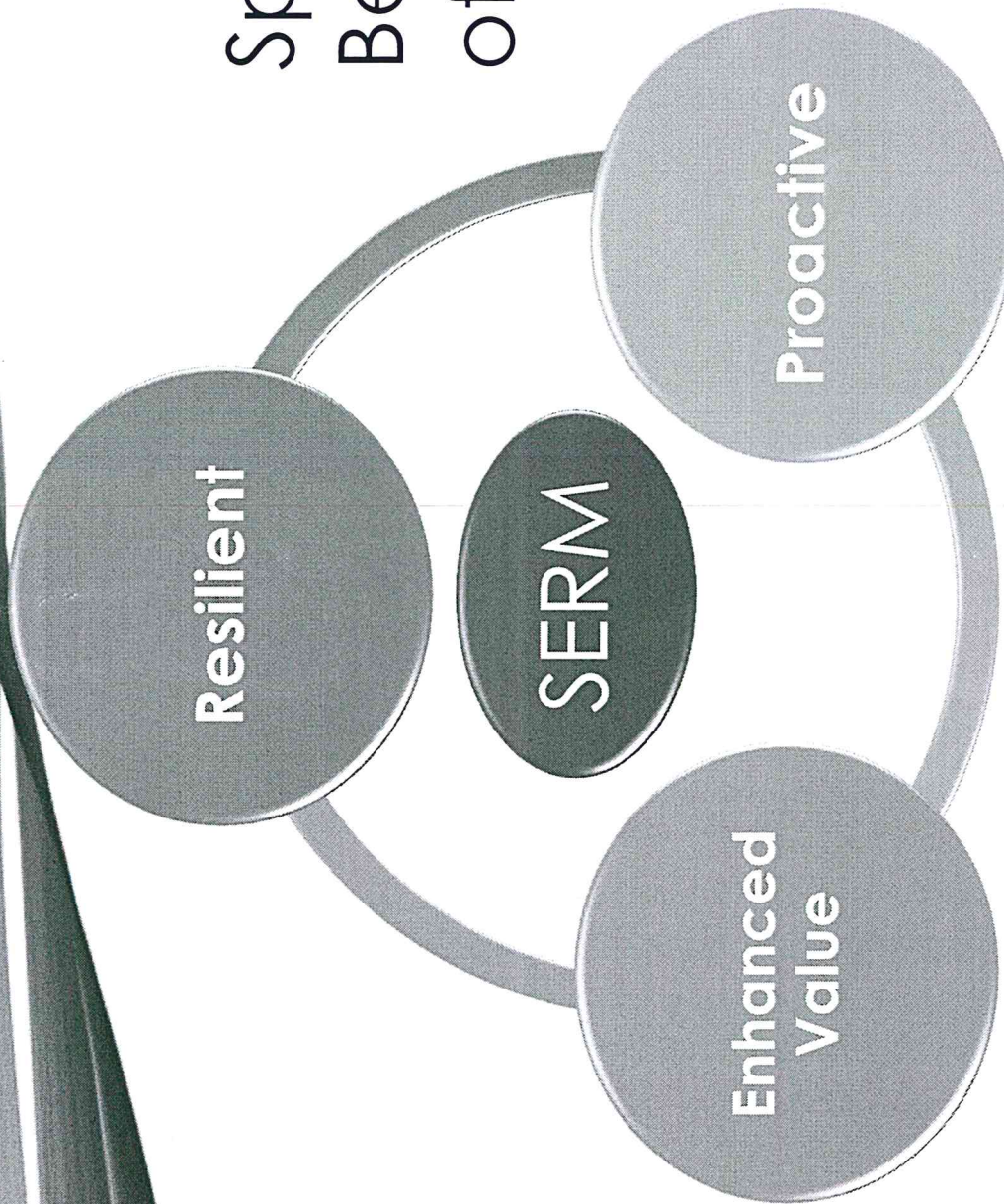
Centers all risk management activity on school board objectives

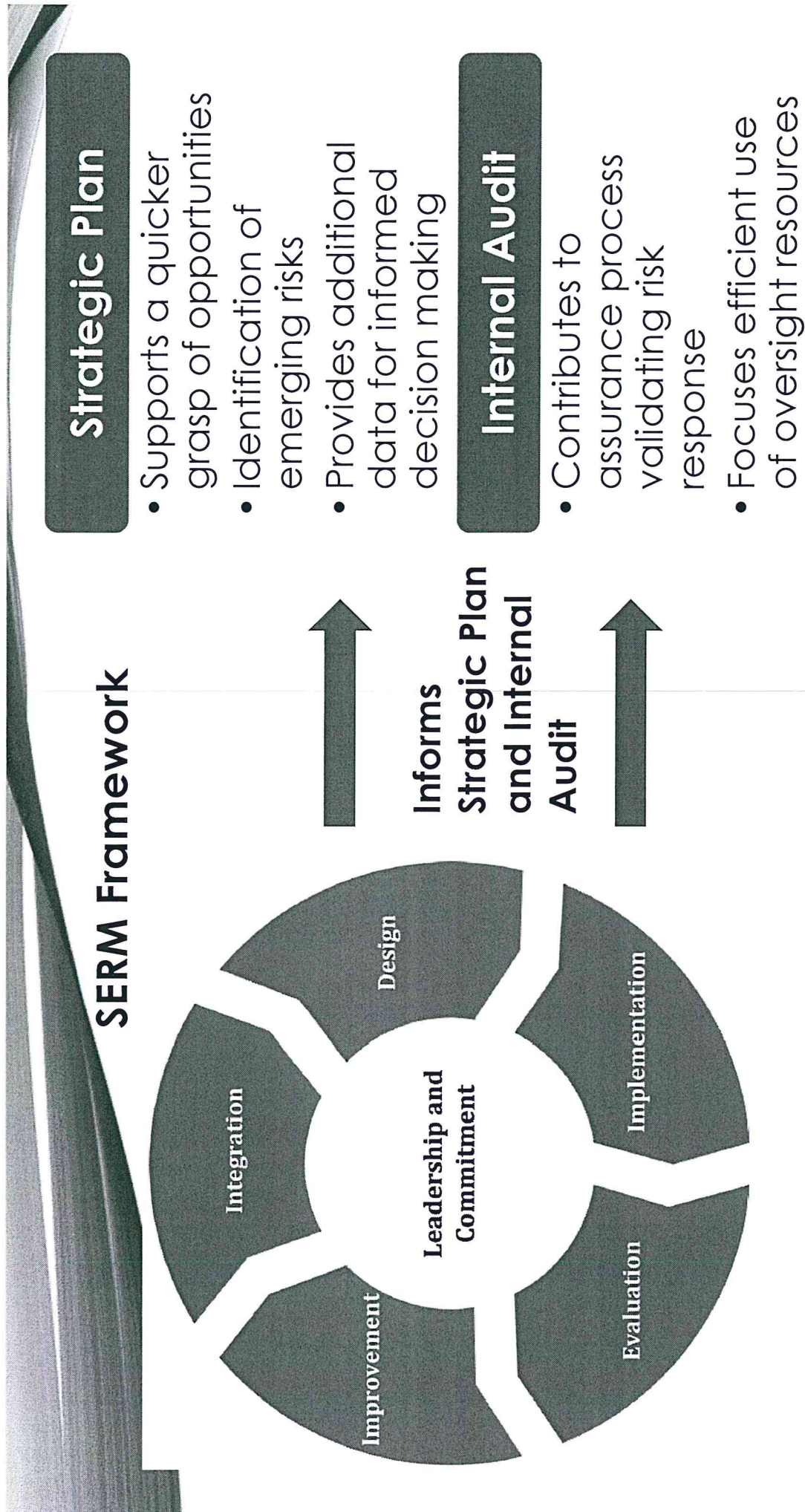
Identifying not only threats but **also opportunities**

WHY SCHOOL BOARDS NEED SERM



Spin-off Benefits of SERM





Source: ISO 31000



Q: Based on our understanding of uncertainty, where do we need to adjust our current plans and resources?

PROJECT NOTABLES

**Subject Matter Expert
Review**

Train the Trainer Workshop

Input from RIAMs/EVPI



SERM DOCUMENT OVERVIEW

- **SERM Framework** – Set of components that provide the foundation for designing, implementing, monitoring, reviewing and continually improving risk management in a coordinated way throughout the organization.
- **SERM Application Guide and Toolkit**– assists school board staff on how to deal with risks in a public education setting.

SERM DOCUMENT OVERVIEW- CONTINUED

SERM Toolkit:

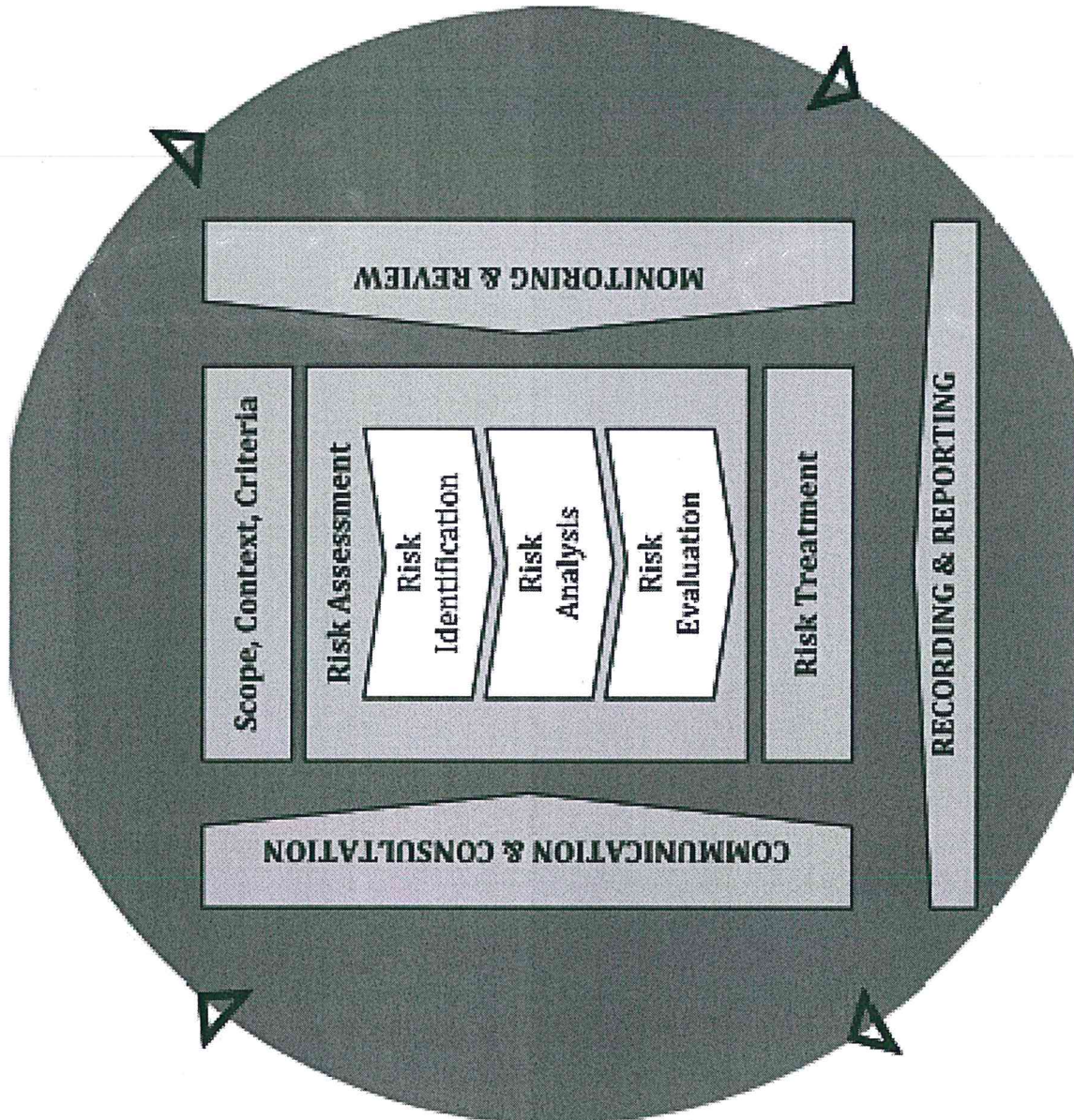
- Readiness Assessment Tool
- Sample Implementation Plan
- Sample SERM Board Policy with sample risk appetite statement
- Sample Agenda for SERM Annual Review Meeting
- Sample Risk Identification Table
- Risk Analysis Scales – Probability and Impact
- Sample Risk Register

Workshop exercises include:

- An overview of the project and value of SERM
- Selecting the school board's guiding principles
- Drafting the school board's risk appetite
- Working through the steps in the risk management process and applying them to the case study

BETA TESTING WITH THE PILOT BOARDS

THE RISK MANAGEMENT PROCESS





ONE SCHOOL BOARD'S JOURNEY – CHEF DE FILE!

“ We used the SERM risk analysis model from the workshop in one of our closed session reports. We included a one page appendix to the report where we provided a risk analysis regarding the board's key performance indicators: Reputation, Student services, Financial, Legal and Compliance.

The Trustees really appreciated the work and they were able to clearly understand management's recommendation.

For senior management, it brought discussion about the key risk, our appetite for those risks and made our recommendation stronger”

Christine Brisson, Conseil des écoles
catholiques du Centre-Est



KEY SUCCESS FACTORS

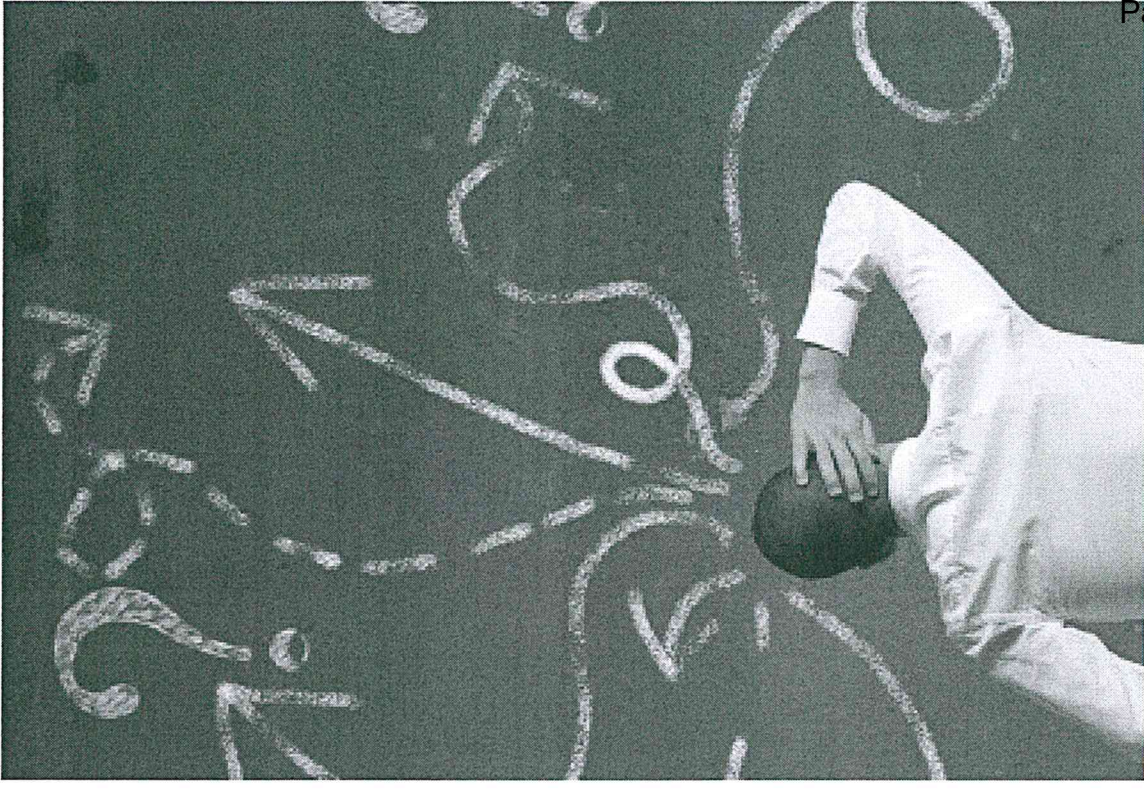
- Support from Director of Education and Senior Management
- Project (Risk) Champion – i.e.: SBO
- Management & Governance structures are clear and aligned across the organization
- Top-Down, Bottom-up approach
- **Integration to existing strategic planning processes**
- Preference for risk taking is understood and reflected in risk rating/reporting



WHERE TO START?

Year 1

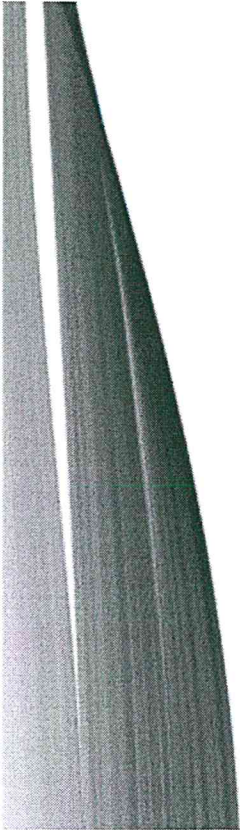
1. SERM Implementation added to the 5-year Strategic Plan
2. Project Approval
3. Coordination with Internal Audit
4. Introductory Workshops
5. Crafted Risk Appetite Statement
6. Outlined Framework
7. Blue Sky Risk Identification Sessions



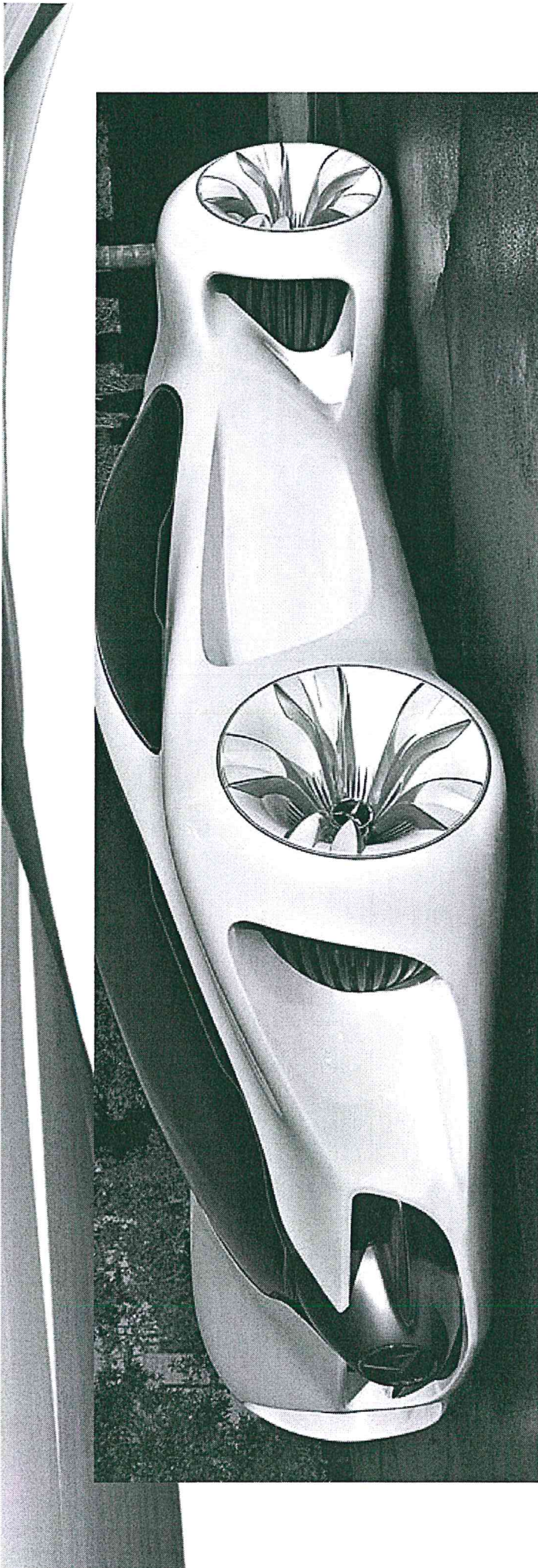


LESSONS LEARNED TO DATE

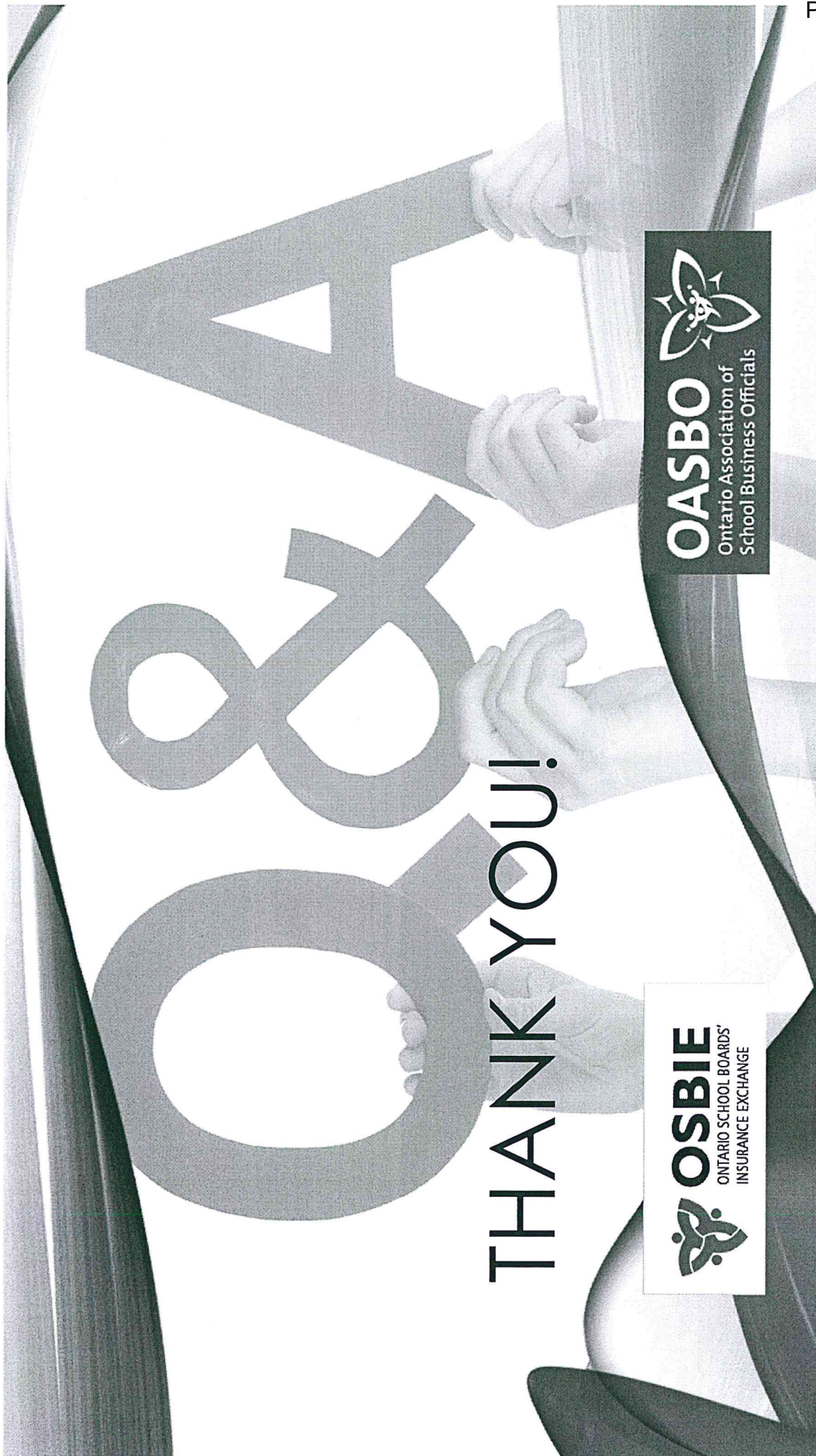
- Identify as a organizational priority, but be realistic
- Use an implementation plan to track progress
- Recognize that new issues will continue to arise
- Start small and build capacity and competency
- Not all decisions require a full risk assessment
- **Can be easily integrated into strategic planning process.**
- Keep it simple!



- Risk = Threats and Opportunities
- Works in conjunction with your strategic planning process
- Ongoing process requiring evaluation and improvement



WHAT SCHOOL BOARDS NEED SERM?



Audit Committee Work Plan

General Responsibilities

Audit Committee Agenda Items	Meeting Date					Comments
	S E P T	N O V	J A N	M A R	M A Y	
3.(1) - Ensure committee composition complies with the regulation						
4.(1) – Ensure newly appointed external members meet eligibility requirements						
6.(1) - Elect the chair and appoint a secretary for the year			•			
7.(2) - Ensure external members have not exceeded the maximum term of appointment						
8.(1) & 8.(2) - Review committee members' compliance with membership rules listed in the regulation						
9.(7) - Report as required to the Board regarding the execution of duties and responsibilities						
9.(8) – Ensure the regulation is posted on board's website						
10.(a) - As necessary (and with Board approval), retain counsel, accountants or other professionals to advise or assist the committee						

Audit Committee Agenda Items	Meeting Date						Comments
	S E P T	N O V	J A N	M A R	M A Y		
10.(c) - Meet with management privately to discuss any necessary matters							
11.(6) – Ensure a quorum is present							
11.(7) - Maintain minutes, review and approve the minutes of prior meetings							
14.(3) – Members declare any potential financial benefits relating to agenda items							
15.(1) &15.(3) – Annual report to the Board	•						
15.(2) – Annual report to the Ministry of Education	•						

Financial Reporting

Audit Committee Agenda Items	Meeting Date						Comments
	S E P T	N O V	J A N	M A R	M A Y		
9.(1) 1 - Review: - relevant accounting and reporting practices and issues - complex or unusual transactions - material judgments and accounting estimates - any departures from PSAB			•				
9.(1) 2i - Review the external audit results							

Audit Committee Agenda Items	Meeting Date					Comments
	S E P T	N O V	J A N	M A R	M A Y	
9.(1) 2ii - Review any difficulties encountered in the course of the audit						
9.(1) 2iii – Review any significant changes made to the external audit plan in response to issues identified during the audit						
9.(1) 2iv - Review significant disagreements between external audit and management and how those disagreements were resolved		•				
9.(1) 3 - Review the annual financial statements		•				
9.(1) 4 - Recommend to the Board the approval of the annual audited financial statements		•				
9.(1) 5 - Review all external auditor communications required under GAAS		•				
9.(1) 6 - Review any material written communication between the external auditor and management		•				
9.(1) 7 – Ask the external auditor whether all reporting entities were consolidated into the board's financial statements		•				

Internal Controls

Audit Committee Agenda Items	Meeting Date					Comments
	S E P T	N O V	J A N	M A R	M A Y	
9.(2) 1 & 9.(2) 3 - Enquire about significant financial risks and the measures taken to manage such risks (reviewing the overall effectiveness of board's internal controls)						
9.(2) 2 - Review the scope of the internal and external auditor's reviews of the board's internal controls, as well as any significant findings and recommendations made and management's response to these	•					

Internal Audit

Audit Committee Agenda Items	Meeting Date					Comments
	S E P T	N O V	J A N	M A R	M A Y	
9.(3) 1 - Review their mandate, activities, staffing and organizational structure						
9.(3) 2 - Make recommendations to the Board on the content of the internal audit plan		•				
9.(3) 2 - Make recommendations to the Board on all proposed major changes to the internal audit plan		•				

Audit Committee Agenda Items	Meeting Date					Comments
	S E P T	N O V	J A N	M A R	M A Y	
9.(3) 4 - Review internal auditor performance and provide comments to the Board and host board		•				
9.(3) 5 - Review internal audit's effectiveness, including compliance with professional internal auditing standards. This could include a review of the quality assurance and improvement program results, which may use tools such as peer reviews and/or periodic external assessments.		•				
9.(3) 6 - Meet with internal audit privately to discuss any necessary matters						
9.(3) 7i - Review significant findings and recommendations made by internal audit and management's response to the recommendations						
9.(3) 3 & 9.(3) 7ii - Discuss significant difficulties, disagreements or scope restrictions/limitations encountered by the internal auditor						
9.(3) 7iii - Review any significant changes internal audit made to the audit plan in response to issues identified during the audit						

External Auditor

Audit Committee Agenda Items	Meeting Date					Comments
	S E P T	N O V	J A N	M A R	M A Y	
9.(4) 1 – Review external auditor performance	•					
9.(4) 1 – Make recommendations to the Board on the appointment, replacement or dismissal of the external auditor and on the external auditor's fee and fee adjustment	•					
9.(4) 2 – Review the external audit plan (engagement letter, coordination with internal audit, use of other independent accountants)	•					
9.(4) 2.1 - Make recommendations to the Board on the content of the external audit plan	•					
9.(4) 2.1 - Make recommendations to the Board on all proposed major changes to the external audit plan	•					
9.(4) 3 - Review and confirm external auditor's independence	•					
9.(4) 4 - Meet with the external auditor to discuss any necessary matters	•					
9.(4) 5 - Oversee the resolution of any disagreements between the external auditor and management	•					
9.(4) 6 - Recommend a policy on services the external auditor may perform and oversee its implementation	•					

Compliance

Audit Committee Agenda Items	Meeting Date					Comments
	S E P T	N O V	J A N	M A R	M A Y	
9.(5) 1 - Review the board's system for monitoring compliance with legislative requirements, board policies and procedures		•				
9.(5) 1 & 9.(5) 4 - Review instances of non-compliance with legislative requirements and board policies and procedures, as well as actions taken		•				
9.(5) 2 - Review any legal matters or findings of regulatory entities		•				
9.(5) 3 - Review the board's process for communicating and administering any codes of conduct		•				
9.(5) 5 - Receive confirmation that all statutory requirements have been met, e.g., through the annual compliance report signed by the Director		•				

Risk Management

Meeting Date

Audit Committee Agenda Items	S	N	J	M	M	Comments
	E	O	A	A	A	
	P	V	N	R	Y	
	T					
9.(6) 1 - Enquire about significant risks, review and assess the board's risk management policies						
9.(6) 2 - Perform other activities related to the oversight of the board's risk management issues or financial matters as requested by the Board						
9.(6) 3 - Initiate and oversee investigations into auditing matters, internal financial controls and allegations of inappropriate or illegal financial dealings (including fraud)						

Other Leading Practices

Audit Committee Agenda Items	Meeting Date					Comments
	S	N	J	M	M	
	E	O	A	A	A	
	P	V	N	R	Y	
Develop work plan and meeting schedule for the next fiscal year			•			
Succession planning				T B D		
Perform a self-assessment of the audit committee		•				
Appropriate continuing education/orientation						

Audit Committee Agenda Items	Meeting Date						Comments
	S	N	J	M	M		
	E	O	A	A	A		
	P	V	N	R	Y		
	T						
Review interim financial reports							
Insurance Coverage				•			