

## AUDIT COMMITTEE PUBLIC AGENDA

**Wednesday, October 21, 2020, 6:00 pm  
Zoom Meeting**

*In camera meeting to follow.*

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1.	Call to Order	
2.	Approval of Agenda	
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5.	COVID-19 Update	
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10. Adjournment



## AUDIT COMMITTEE REPORT (PUBLIC)

Wednesday, September 23, 2020

7:00 pm

Zoom Meeting

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

Staff and Guests Camille Williams-Taylor (Director of Education), Michael Carson (Chief Financial Officer), Lynn Scott (Chair of the Board) Justine Bell (Trustee), Genevieve Segu (Regional Internal Audit Team (RIAT) Manager), Gordon Champagne (Senior Regional Internal Auditor), Rob Clayton (Lead Audit Engagement Partner KPMG LLP), Rebecca Prophet (Audit Senior Manager KPMG LLP), Kevin Gardner (Manager of Financial Services), Sandra Lloyd (Manager of Risk and Supply Chain Management), Rebecca Grandis (Senior Board Coordinator)

1. Call to Order

Trustee Fisher called the public session to order at 7:00 pm 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. Approval of Agenda

**Moved by Trustee Schwartz**

**THAT the agenda be approved.**

**Carried**

3. Delegations

There were no delegations.

4. Superintendent's Report

Chief Financial Officer (CFO) Carson advised that his report would be included in the COVID-19 Update.

5. COVID-19 Update

CFO Carson providing the following update:

- the province was not in a position to make a decision about the reopening of schools in June. School boards were asked to develop three plans for return: one based on full return to school; one based on a hybrid return to school; and, one on a total virtual return. The Ministry would advise which plan would go forward in August;
- Plans for the models were developed quickly and the model changed on a number of occasions as direction from the province changed;
- A draft budget was presented in July 2020, and additional announcements of provincial funding continued throughout the budget process;
- the province provided additional funding to school boards for additional cleaning requirements, transportation costs and teacher staffing;
- the province changed the regulation to allow school boards to allow for deficit budgets for up to 2% of operating revenues and staff recommended that the District use the 2% in its recommended budget;
- on 26 August 2020 the province announced that an additional \$400 million would be allocated to school boards directed at transportation, the establishment of virtual schools and other emerging issues;
- the additional funding allowed the District to approve a balanced budget with the use of accumulated surplus;
- there was no change to the benchmark funding, both in-person and virtual learning would be funded in the same way;
- classes in the in-person schools were kept as small as possible;
- the virtual school contains one secondary school and six elementary schools;
- the Ministry announced that it would provide personal protective equipment (PPE) to school boards;
- the Human Resources department continues to recruit additional staff based on the funding from the province for additional teachers;
- additional custodial staff are being recruited to ensure enhanced cleaning protocols are maintained;

- provincial funding was allocated for ventilation enhancement, the amount was not sufficient to carry out major mechanical work but additional HEPA filters have been procured;
- staff continue to monitor ventilation and continue to look to ways to improve air flow;
- staff will provide regular updates on financial commitments;
- it is anticipated that there will be additional funding provided to school boards in December or January;
- staff are being cautious with expenditures; and
- the focus of the District is to provide a safe environment for staff and students.

6. Matters for Action:

6.1 Review of Audit Committee Report:

a. 11 June 2020

**Moved by Trustee Schwartz**

**THAT the Audit Committee report dated 11 June 2020 be received.**

**Carried**

b. Business Arising

There was no Business arising

6.2 Report 20-073, External Auditor's Audit Plan for the 2019-2020 Year-End Audit (M. Carson)

Your Committee had before you Report 20-073, the External Auditor's Audit Plan for the 2019-2020 Year-End Audit.

Mr. Rob Clayton, and Ms. Rebecca Prophet of KPMG, LLP, were in attendance to present the audit plan and the following points were noted:

- Mr. Clayton noted as a result of the unusual circumstances of COVID-19, the operations of the audit have not changed but the processes and risks were adjusted;
- the audit will be conducted virtually, and Mr. Clayton had no concerns about the ability to obtain the necessary information to complete the audit;
- the auditors will be required to look at key processes as they relate to the financial statements and part of the work this year will be identifying what changes in process occurred as a result of working remotely and look for

any risks or gaps that may have resulted because of that change, ensuring that the altered controls put in place are appropriate;

- recorded liabilities, construction and related activities and contracts will be reviewed as these areas are more prone to risk during a pandemic;
- reconciliation with Ministry funds will be conducted as many changes and alterations have occurred;
- a note on the impact of COVID-19 on the organization of the Board will be provided in the financial statements;
- cyber risk and the risk with respect to receivables will be reviewed;
- there have been changes in controls, segregation of duties and changes in individuals performing tasks as a result of COVID-19;
- although the closure happened within the year, the event window will stay open as there may be events in the coming weeks that need to be reflected in the financial statements approved in November;
- there will be no change to the audit approach to group audits but given the values of salaries and benefits, payroll processes will be a key area to evaluate as individuals moved to remote working environments;
- school generated funds and school council audits are underway;
- the materiality, used to identify material misstatements, is \$13 million, increased from \$12 million last year;
- the year-end field work will commence in October and the audit findings report will be presented in November; and
- information about upcoming changes regarding estimates will have an impact next year and the asset retirement obligations have been deferred for another year.

During the question period the following responses were noted:

- As a result of the closure in March, school councils were unable to conduct meetings or spend funds that had been raised. It may be a challenge to gather all of the information necessary for the required June reporting. CFO Carson was not aware of any concerns as a result;
- There are no concerns anticipated with obtaining the school generated funds information to conduct audits as the records are intact up to March 2020. KPMG auditors will report back to the committee if there are any concerns;

- the increase in fees for the school generated and school council audits ensures that the District will receive more detailed information than that is covered through procedures in the audit of the financial statements;
- the Ottawa Student Transportation Authority (OSTA) and the Ottawa-Carleton Education Network (OCENET) are not considered material to the operation of the Board because of the component dollar value; and
- the loss of revenue from OCENET is not material to the operation of the Board.

**Moved by Erik Husband,**

**THAT KPMG LLP's plan for the audit of the 2019-2020 Consolidated Financial Statements be approved. (Attached as Appendix A)**

**Carried**

7. Matters for Discussion:

7.1 Regional Internal Audit Manager Update 2020-2021

Ms. Genevieve Segu, the Regional Internal Audit Team (RIAT) Manager provided an oral update on her plan for the 2020-2021 school year. A more fulsome report will be presented at the October 21, 2020 Audit Committee meeting.

In her update Ms. Segu noted the following points:

- the RIAT plan for the 2020-2021 school year is complete;
- there were 37 engagements across the District and 21 have been finalized;
- 8 engagements are in process and are related to in-person strategic enterprise risk management (SERM) workshops which were unable to take place as a result of COVID-19, they will take place in October and November 2020;
- the RIAT will take a closer look at the OCDSB risk document to ensure that their work is aligned with Board priorities and that work is not being duplicated; and
- a number of initiatives are moving forward including a Cyber security Engagement Framework, planned online, for October 8 and 9, 2020.

7.2 Item Presented 11 June 2020

CFO Carson advised noted that Memo 20-076 outlines previously distributed information, and should there be any questions committee members could contact him or Trustee Fisher.

8. Information Items:

8.1 Long Range Agenda

CFO Carson advised he will review the long range agenda to look at items that can be included for future meetings.

9. New Business

In response to a query about financial updates, CFO Carson noted that he committed to providing an update on the financial impact of COVID-19 to the Committee of the Whole and to the Board. The update will be shared with the Audit Committee.

Trustee Fisher reminded the Committee that the District is currently seeking external audit committee members. He noted that more information can be located on the website.

10. Adjournment

The public meeting adjourned at 8:16 p.m.

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Mark Fisher, Chair, Audit Committee





## **AUDIT COMMITTEE Report No. 20-074**

**21 October 2020**

### **2019-2020 Annual Report on Internal Audit Activity**

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

### **PURPOSE:**

1. To seek Audit Committee approval of Appendix A to Report 20-074 as its annual report to the Board summarizing the work performed by the regional internal audit team (RIAT) during 2019-2020 in accordance with *Ontario Regulation 361/10, Audit Committees*.

### **CONTEXT:**

2. *Ontario Regulation 361/10* requires that a summary of work performed by the RIAT be provided to the Board and that a copy of the report be submitted to the Ministry of Education. Appendix A presents the information in Ministry-prescribed format. This report is in compliance with the requirements set out in the regulation and covers the period 01 September 2019 to 31 August 2020.

### **KEY CONSIDERATIONS:**

3. Audit Committee is integral to the District's corporate governance framework. Reporting to the Board, Audit Committee works with District management to ensure that matters affecting financial, compliance and risk management activities are conducted appropriately. 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 operations and financial resources and by reviewing significant financial reports.

A key responsibility of the Audit Committee is to work with the RIAT which supports the 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 regional internal audit team 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 2015-2020 Risk-Based Internal Audit Plan which has guided 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.

An update of the plan was initially considered as part of the work to be completed during 2019-2020. However, following discussions with management, it was agreed that performing a risk assessment may be seen as a duplication of the work being undertaken as part of the District's strategic enterprise risk management (SERM) framework initiative. Accordingly, it was agreed that the RIAT's update be deferred and that instead the SERM risk assessment be used when developing the 2020-2021 Internal Audit Plan.

The 2019-2020 Internal Audit Plan was approved on 25 September 2019. The proposal was to perform two audit engagements and the following work was approved:

- attendance support review;
- attendance data visualization; and
- follow-up procedures on past audits.

**4. Attendance Support Review**

As a consulting engagement, the objective of the review was to provide the District with an assessment of the processes used in its attendance support program as compared to leading practices and the practices used in other school boards of similar size. The review commenced during the previous school year and was completed in 2019-2020. The final report included opportunities to enhance processes, and was shared with Audit Committee on 11 June 2020.

**5. Attendance Data Visualization**

As a consulting engagement, the objective was to present the District's absenteeism data in a format that would enable management to interpret the data, form conclusions on usage patterns and consider changes to improve staff attendance. The RIAT engaged Deloitte LLP to assist with the development of the model that focused on absences from September 2012 to August 2019. The results of the review were shared with Audit Committee on 11 June 2020.

**6. Follow-up Procedures on Past Audits**

The RIAT customarily conducts follow-up procedures to ascertain the District's progress towards implementing changes in response to audit recommendations. The RIAT completed its update of follow-up procedures and provided a summary of outstanding recommendations. The update noted that a small number of recommendations remain outstanding from two audits: Patch and Release Management and Occupational Health and Safety. Further updates on the outstanding recommendations will be presented during 2020-2021.

**7. Internal Audit Meeting Participation**

RIAT staff participated in all four Audit Committee meetings held during the year. Ms. Genevieve Segu, RIAT manager, and Mr. Gord Champagne, Senior Internal Auditor, both presented information and responded to questions posed by members. In addition to the reports previously mentioned, Ms. Segu provided information on the internal audit team's mandate, the qualifications and continuing professional development activities of team members, and the findings of a review of the internal audit model as it currently exists.

**8. Completed and Planned Enrolment Audits**

*Ontario Regulation 361/10* clarifies the Ministry's information needs as it relates to efforts to coordinate its own enrolment audits with those planned by the RIAT. Staff has confirmed that no enrolment audits have been identified in the approved Multi-Year Internal Audit Plan.

**RESOURCE IMPLICATIONS:**

9. Approval of the report has no financial impact.

**COMMUNICATION/CONSULTATION ISSUES:**

10. The report was prepared by Finance staff. No consultation was required.

**STRATEGIC LINKS:**

11. Aligned with the culture of social responsibility identified in the Board's 2019-2023 Strategic Plan, an effectively functioning Audit Committee and approach to risk management is a key component of a focus on sustainably allocating resources. Independent reviews performed by the RIAT assist in identifying opportunities to enhance operational practices to effectively and responsibly manage human and financial resources in support of students.

**RECOMMENDATION:**

THAT Appendix A to Report 20-074 be approved as the 2019-2020 Annual Report on Internal Audit Activity.

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Michael Carson  
Chief Financial Officer

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

**APPENDICES:**

Appendix A – 2019-2020 Annual Report on Internal Audit Activity (Ministry Format)





*Report 20-074, 2019-2020 Annual Report on Internal Audit Activity* was approved by Audit Committee as its annual report to the Board summarizing the work performed by the regional internal audit team (RIAT) during 2019-2020 in accordance with *Ontario Regulation 361/10, Audit Committees*. The following information has been prepared based on the report.

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**District School Board Name:** Ottawa-Carleton District School Board

**Fiscal Year:** 2020

Re: Annual Audit Committee report to the Ministry of Education as per Ontario Regulation 361/10

During the 2020 fiscal year, the following internal audits were started and/or completed by 31 August 2020:

1. **Attendance Support Review**

As a consulting engagement, the objective of the review was to provide the District with an assessment of the processes used in its attendance support program as compared to leading practices and the practices used in other school boards of similar size. The review commenced during the previous school year and was completed in 2019-2020. The results of the review, which included opportunities to enhance processes, were shared with Audit Committee on 11 June 2020.

2. **Attendance Data Visualization**

As a consulting engagement, the objective was to present the District's absenteeism data in a format that would enable management to interpret the data, form conclusions on usage and consider changes to improve staff attendance. The RIAT engaged Deloitte LLP to assist with the development of the model that focused on absences from September 2012 to August 2019. The results of the review were shared with Audit Committee on 11 June 2020.

3. **Follow-up Procedures on Past Audits**

The RIAT customarily conducts follow-up procedures to ascertain the District's progress towards implementing changes in response to audit recommendations. The RIAT completed its update of follow-up procedures and provided a summary of outstanding recommendations. The update noted that a small number of recommendations remain outstanding. Further updates on the outstanding recommendations will be presented during 2020-2021.

Based on the internal audit plan, the District is not expecting an enrolment audit to be performed in the 2020 fiscal year.

**Approved by Audit Committee on 21 October 2020**

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Mark Fisher  
Audit Committee Chair





## **AUDIT COMMITTEE Report No. 20-075**

**21 October 2020**

### **Audit Committee Annual Report for 2019-2020**

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

### **PURPOSE:**

1. To seek approval of Report 20-075 as the 2019-2020 annual report of activities for submission to the Board in accordance with *Ontario Regulation 361/10, Audit Committees*.

### **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 2019 to 31 August 2020.

### **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.

The work of the Audit Committee was significantly affected by the COVID-19 pandemic and the lockdown imposed by the provincial government in response to the public health emergency. The lockdown resulted in the closure of the District's schools effective 14 March 2020 and the cancellation of a number of scheduled meetings.

#### 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 2019 to 30 November 2019</u>	
Trustees: Sandra Schwartz, Mark Fisher and Keith Penny	
External Members: Annik Blanchard and Erik Husband	
<u>Meeting Date</u>	<u>Attendance</u>
25 September 2019	All members present
25 November 2019	Sandra Schwartz, regrets
<u>Committee Members for the Period 01 December 2019 to 31 August 2020</u>	
Trustees: Sandra Schwartz, Mark Fisher and Keith Penny	
External Members: Annik Blanchard and Erik Husband	
<u>Meeting Date</u>	<u>Attendance</u>
22 January 2020	Keith Penny, regrets
11 June 2020	All members present

Audit Committee met four 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 2018-2019 Consolidated Financial Statements at its 25 November 2019 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 2018-2019 Consolidated Financial Statements. Audit Committee also discussed the draft 2018-2019 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.

At the September meeting, the Audit Committee reappointed KPMG LLP to audit the District's financial statements for both the 2020-2021 and 2021-2022 school years.

**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. The RIAT was present at all four Audit Committee meetings during the year.

The following work was completed during the year:

- attendance support review - as a consulting engagement, the objective of the review was to provide the District with an assessment of the processes used in its attendance support program as compared to leading practices and the practices used in other school boards of similar size. The review commenced during the previous school year and was completed in 2019-2020. The results of the review, which included opportunities to enhance processes, were shared with Audit Committee at the 11 June 2020 meeting;
- attendance data visualization - as a consulting engagement, the objective was to present the District's absenteeism data in a format that would enable management to interpret the data, form conclusions and consider changes to reduce staff absences. The RIAT engaged Deloitte LLP to assist with the development of the model. The results of the review were shared with Audit Committee at the 11 June 2020 meeting; and
- follow-up procedures - the RIAT customarily conducts follow-up procedures to ascertain the District's progress towards implementing changes in response to audit recommendations. The RIAT completed its update of follow-up procedures and provided a summary of outstanding recommendations as part of the information shared in Report 20-034, Regional Internal Audit Manager's Update. The update noted that a small

number of recommendations remain outstanding. Further updates on follow-up procedures will be presented during 2020-2021.

The RIAT manager also shared information on the internal audit mandate, the structure of the internal audit team and the findings of a review of the internal audit model as it currently exists.

In addition to discussing the audit findings and the need to ensure that audit plans are aligned with the District's strategic enterprise risk management (SERM) framework, Audit Committee provided the host board with an assessment of the work performed by the audit team in 2018-2019. Providing formal feedback to the internal audit team through a high-level performance evaluation contributes to continued improvement in the team's effectiveness. Feedback is also provided to the audit team during Audit Committee meetings.

Additional information on the work of the RIAT is provided in Report 20-074, 2019-2020 Annual Report on Internal Audit Activity. Staff continues to work with the RIAT to finalize the internal audit plan for 2020-2021.

#### 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 the 2019-2020 Revised Estimates to the Audit Committee at the 22 January 2020 meeting. The forecast showed a modest decrease in the projected deficit in comparison to that approved by the Board with the approval of the 2019-2020 Budget.

An updated forecast was presented at the 11 June 2020 meeting. The forecast identified anticipated changes in revenues and expenses as a result of the pandemic and it also included the impact of labour sanctions taken by unionized staff in support of the collective bargaining process. Additional provincial funding is expected to mitigate the effect of lower revenues from child care operations and staff anticipates a deficit that is smaller than originally budgeted.

Three forecasts are planned for the 2020-2021 year.

#### 9. **Risk Management**

The duties of the Audit Committee related to the District's risk management activities include inquiring about significant risks, reviewing the District's policies for risk assessment and risk management and ensuring 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 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.

At the 25 September 2019 meeting, the Audit Committee received an update on the implementation of the District's SERM framework. As a reminder, the framework being adopted aligns with the International Organization for

Standardization (ISO) 31000 risk management guidelines and is customized for school boards under the leadership of the Council of Senior Business Officials (COSBO) and the Ontario School Boards' Insurance Exchange (OSBIE). The framework will enhance the District's strategic planning and operational processes by developing an organizational culture that considers both risk exposure and risk tolerance as a fundamental aspect in decision making.

Phase 1 of the SERM initiative was a readiness assessment which assessed elements of governance, leadership and principles for applying the SERM framework. Phase 2, which focused on the development of a toolkit to be used for SERM integration planning and execution, progressed during the year. Phase 3 will focus on operationalizing the plan in alignment with the 2019-2023 Strategic Plan.

A further update on SERM was provided at the 11 June 2020 meeting. This included the status of the work on the project. As part of the update, there was a comprehensive review of the challenges presented by the pandemic and discussion of the District's responses. The SERM toolkit was used in managing the District's response to the pandemic.

Updates on the SERM project will be provided to Audit Committee on a regular basis in the coming year. Importantly, staff will be seeking the Audit Committee's input for the development, finalization and approval of the Board's draft risk management policy.

#### 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. The report was presented at the 22 January 2020 meeting, but regulatory compliance is always a consideration in many of the discussions.

#### 11. **Information Technology**

A reliance on the information technology network is integral to the District's business and learning activities. A number of issues were discussed at Audit Committee during the year including:

- the planned conversion of the student management system;
- changes to the Business and Learning Technologies department's organizational structure;
- the approach to managing network and application security;
- the deployment of technology to assist with remote learning and working arrangements in response to the pandemic; and
- a review of Policy P.074.IT Computer Network Security.

12. **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 and the impact of the Government of Ontario's centralized procurement initiative;
- insurance coverage and business continuity considerations; and
- incidents that may result in significant financial and reputational risk.

13. **Mandatory Audit Committee Reports**

*Ontario Regulation 361/10* requires that the 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 2019, Audit Committee approved the mandatory reports for 2018-2019 and the report summarizing the work of the RIAT was submitted to the Ministry.

14. **Summary**

Audit Committee performs work that contributes to the District's successful corporate governance framework. The work performed by the Audit Committee during 2019-2020 continues to enhance the District's internal control, risk management, and financial reporting processes.

## **RESOURCE IMPLICATIONS:**

15. Approval of the report has no financial impact.

## **COMMUNICATION/CONSULTATION ISSUES:**

16. The report was prepared by Finance staff. No consultation was required.

## **STRATEGIC LINKS:**

17. Aligned with the culture of social responsibility identified in the Board's 2019-2023 Strategic Plan, 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 20-075 be approved as the Audit Committee Annual Report to the Board for 2019-2020.

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Michael Carson  
Chief Financial Officer

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





<b>Subject:</b>  <b>Presented by:</b>  <b>Meeting Date:</b>	2020-21 Regional Internal Audit Plan  Geneviève Segu, Regional Internal Audit Manager  October 21, 2020
<b>Purpose</b>	<p>To provide the Audit Committee with the 2020-21 Regional Internal Audit Plan for their review and approval.</p> <p>This is in alignment with Ontario Regulation 361/10: Audit Committees (9) Duties of an Audit Committee 3(2&amp;3)<sup>1</sup>:</p> <ul style="list-style-type: none"> <li>- “To make recommendations to the board on the content of annual or multi-year internal audit plans and on all proposed major changes to plans.”; and</li> <li>- “To ensure there are no unjustified restrictions or limitations on the scope of the annual internal audit.”</li> </ul>
<b>Content</b>	<p>As per the Ministry of Education’s 2016: B10 memo, dated May 26, 2016, RIAT should conduct a minimum of two engagements at the Board during 2020-21. In addition, RIAT should perform follow-up procedures on outstanding recommendations from previous audits.</p> <p>The RIAM met with Management and discussed changes in the risk environment. The 2020-21 RIAT plan set out in Appendix 1 is subject to unknown factors that could impact the priorities of the current audit plan, such as:</p> <ul style="list-style-type: none"> <li>• Another Covid outbreak affecting the Board’s operations; and/or</li> <li>• Updates from the Board’s SERM.</li> </ul> <p>As such, Appendix 1 presents a best case scenario and proposes:</p> <ul style="list-style-type: none"> <li>• The continuation of work started in 2019-20;</li> <li>• Cyclical follow-up procedures;</li> <li>• A placeholder to account for Management’s requests and potential changing priorities during the year; and</li> <li>• One new engagement, when and if time and situation allows.</li> </ul>

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<sup>1</sup> The full regulation is available at the following link <https://www.ontario.ca/laws/regulation/100361>



<b>Key Considerations &amp; Analysis</b>	<p>RIAT intends to communicate with Audit Committee members on the progress and status of the engagements planned for the school year, along with those added during the year, if applicable.</p> <p>RIAT is flexible and ready to adapt to changes in the stated plan should this be necessary due to COVID19, other changes in priorities or other unforeseen circumstances.</p> <p>To assist the Audit Committee members with the approval of the 2020-21 Internal Audit Plan approval, the following is the list of audits performed thus far at OCDSB since the establishment of the RIAT:</p> <ul style="list-style-type: none"> <li>11-12 Compensation, Pay, Benefits</li> <li>12-13 Accounts payable - Purchasing</li> <li>13-14 Manage Facilities Operations</li> <li>14-15 School Generated Funds</li> <li>15-16 Occupational Health and Safety</li> <li>15-16 Patch Management</li> <li>15-16 School Generated Funds</li> <li>16-17 Continuing Education</li> <li>16-17 School Councils</li> <li>17-18 Extended Day Program</li> <li>17-18 Records &amp; Information Management</li> <li>19-20 Attendance Support Program</li> <li>19-20 Attendance Data Visualization</li> </ul>
<b>Resource implications</b>	<p>The RIAT's staff and budget was used to prepare this report, with no financial participation from the Ottawa-Carleton DSB.</p>
<b>Communication/ Consultation</b>	<p>RIAT held discussions with Management, using the board's Strategic Enterprise Risk Management Corporate Risk Profile as a reference to:</p> <ul style="list-style-type: none"> <li>- Ensure alignment with the board's risk profile and priorities; and</li> <li>- Avoid duplication with existing Management's projects.</li> </ul> <p>The RIAT updates and summarizes all status and next steps for all engagements on the current year's audit plan.</p>





<b>Recommendations</b>	That the Ottawa-Carleton District School Board Audit Committee: Recommends for approval the 2020-21 Internal Audit Plan as presented in Appendix 1.
<b>Appendix</b>	Appendix 1 - 2020-21 RIAT Plan Ottawa-Carleton DSB





## Appendix 1 - 2020-21 RIAT Plan – Ottawa-Carleton DSB

Status	Audit & Scope	Schedule
Continuation	<p><b>Cyber Security Review</b></p> <p>This engagement is in alignment with the board’s Strategic Enterprise Risk Management (SERM) Corporate Risk Profile which identified risks and opportunities under “Culture of Innovation”. More specifically to “identify and effectively respond to network security threats”.</p> <p>This engagement also aligns with the Region-Wide Strategic Risk Assessment which identified Cybersecurity as both a risk and an opportunity to promote the School Boards ability to safeguard IT systems to protect information and avoid service disruption.</p> <p>An in-person/virtual workshop with all Ontario East School Boards Information Technology leads, took place October 8<sup>th</sup> &amp; 9<sup>th</sup>.</p> <p>The goal of the workshop was to identify business drivers and critical assets, and perform an IT risk assessment.</p> <p>The output is a matrix that will provide the school board with a priority list of top framework content to implement.</p>	October 8 <sup>th</sup> & 9 <sup>th</sup> , 2020
Cyclical	<p><b>Follow-up Procedures</b></p> <p>This is a recurring item on RIAT’s annual plan.</p> <p>RIAT continues to follow-up on the remaining recommendation, as they come due.</p>	Ongoing
As needed	<p><b>Management Request Engagement</b></p> <p>To cover any important items that may be required during the school year.</p>	If Requested



New	<p><b>Covid Response Review</b></p> <p>Purpose:</p> <p>Reflect on response to Covid to-date and integrate the lessons learned to improve the emergency preparedness / crisis management process.</p> <p>It is a way to collectively learn quickly from an event and integrate improvements to generate better outcomes in the short, medium and long term.</p> <p>Utilize real-time improvements to response planning, processes and workflows.</p> <p>Timing</p> <p>It can be done at any point in time and implemented as readily as needed.</p> <p>Can be done in as little as a week up to a month, depending on Management's availability and ability to provide documentation in a timely manner.</p> <p>Methodology:</p> <ul style="list-style-type: none"> <li>• Kick-off meeting:             <ul style="list-style-type: none"> <li>○ Define objectives</li> <li>○ List documentation that should be available</li> <li>○ Determine survey participants and workshop attendees</li> </ul> </li> <li>• Gather relevant documentation relevant to the Covid 19 response (minutes, charts, communications).</li> <li>• Survey staff involved in response planning and implementation</li> <li>• Workshop (2h) with Board leaders to ID the following in regards to the plan:             <ul style="list-style-type: none"> <li>○ Preparation</li> <li>○ Response</li> <li>○ Activation</li> </ul> </li> <li>• Reports with recommendations/action plan prioritized</li> </ul> <p>Background</p> <ul style="list-style-type: none"> <li>○ Pilot for region-wide engagement.</li> <li>○ Co-sourced with MNP for OCDSB</li> <li>○ Ability to benchmark with comparable tier DSB as working with other regions</li> </ul>	TBD
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New	<p><b>Educational Assistant Deployment Engagement</b></p> <p>This engagement is in alignment with the board's Strategic Enterprise Risk Management (SERM) Corporate Risk Profile which identified staff well-being, under Culture of Caring, as one of the top threats in the portfolio.</p> <p>This engagement also aligns with the Region-Wide Strategic Risk Assessment which identified student and staff health and safety as a priority. More specifically, the presence of appropriate controls and capabilities to best ensure student and staff well being and safety.</p> <p>The scope is to provide Management with a current assessment of the deployment of Educational Assistants and challenges faced relating to an increase in student aggression and challenging behaviours.</p>	TBD
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<b>Subject:</b> <b>Presented by:</b> <b>Meeting Date:</b>	2019-20 Annual Report on Internal Audit Activities Geneviève Segu, Regional Internal Audit Manager October 21, 2020
<b>Introduction</b>	<p>The Ontario East Regional Internal Audit Team (RIAT)'s work is regulated and guided by the following three main documents:</p> <ul style="list-style-type: none"> <li>• Ontario Regulation 361/10: Audit Committees<sup>1</sup> (The Regulation);</li> <li>• The Regional Internal Audit Mandate (The Mandate); and</li> <li>• The International Professional Practices Framework (The Framework) from the Institute of Internal Auditors (IIA).</li> </ul> <p>In accordance with these documents, the RIAM is pleased to present the Ontario-East RIAT's Annual Activities Report (the Report) to the Audit Committee. The contents of the Report include essential requirements under the Regulation, the Mandate and the Framework, such as:</p> <ul style="list-style-type: none"> <li>• A confirmation of the independence of the audit activities;</li> <li>• A description of its function;</li> <li>• A confirmation of conformance with the Code of Ethics; and</li> <li>• A summary of the 2019-20 activities.</li> </ul>
<b>Mandate &amp; Purpose</b>	<p>Audit Committee members reviewed and approved the Ontario East Regional Internal Audit Team (RIAT)'s mandate at the September 2019 meeting.</p> <p>The mandate defines the purpose of the RIAT to "provide independent, objective assurance and consulting services designed to add value and improve the district school boards' operations in the Ontario East region." As per Ministry guidelines, Regional Internal Audit Teams across the province have developed an internal audit mandate, posted on their Host Board's website.</p> <p>No changes have taken place with this mandate since its presentation to the Committee in September 25, 2019. The mandate is appended to this memorandum for your review and approval (see Appendix 1).</p>

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<sup>1</sup> The full regulation is available at the following link: <https://www.ontario.ca/laws/regulation/100361>



<b>Independence</b>	<p>Independence is an essential component to building public trust and preserving objectivity and integrity associated with the internal audit function. To ensure this independence, RIAT reports:</p> <ul style="list-style-type: none"> <li>Functionally to each of the nine Audit Committees of the Ontario East region<sup>2</sup>; and</li> <li>Administratively to the Senior Business Official of the host board, Ottawa Catholic School Board.</li> </ul> <p>As required under the Mandate, and in alignment with the Framework, the RIAT staff henceforth confirm that they are not aware of any relationships with the School Board that may be perceived to bear on their independence.</p>
<b>Organizational Structure, Staffing and Professional Development</b>	<p>The RIAT consists of a team of two Internal Auditors, one Senior Internal Auditor and one Internal Audit Manager. All Auditors report directly to the Regional Internal Audit Manager.</p> <p>Each Auditor is responsible for audits at three of the nine school boards, as follows:</p> <ul style="list-style-type: none"> <li>Gord Champagne: Hastings Prince Edward DSB, Ottawa-Carleton DSB, Renfrew County DSB;</li> <li>Pasquale L'orfanio: Limestone DSB, Ottawa Catholic SB, Upper Canada DSB; and</li> <li>Portia Marcaida: Algonquin Lakeshore Catholic DSB, Catholic DSB of Eastern Ontario, Renfrew County Catholic DSB.</li> </ul> <p>We are pleased to report that all positions within the team are currently filled with qualified staff. The professional designations held by the RIAT include:</p> <ul style="list-style-type: none"> <li>Chartered Professional Accountant (CMA and CGA);</li> <li>Certified Internal Auditor (CIA);</li> <li>Certified Information System Auditor (CISA); and</li> <li>Certification in Risk Management Assurance (CRMA).</li> </ul> <p>The governing bodies issuing the professional designations require that members complete continuing professional development/education on an annual basis to</p>

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<sup>2</sup> The nine school boards in the Ontario East region are: Algonquin Lakeshore Catholic DSB, Catholic DSB of Eastern Ontario, Hastings Prince Edward DSB, Limestone DSB, Ottawa Catholic SB, Ottawa-Carleton DSB, Renfrew County Catholic DSB, Renfrew County DSB, Upper Canada DSB.





	<p>upkeep their proficiency and knowledge. This also includes an annual ethics training requirement. Each member of the RIAT received eight days of training, leveraging associations within the K-12 sector, the Public Sector as well as professional organizations. The following are the main topics of the RIAT training in the 2019-20 school year:</p> <ul style="list-style-type: none"> <li>• Ethics;</li> <li>• Risk management;</li> <li>• Information technology and cybersecurity; and</li> <li>• Leadership skills.</li> </ul> <p>In addition to full time staff, RIAT, resorts to co-sourcing when a specialist is required or resources are limited in the performance of an engagement. In 2019-20, RIAT engaged the following firms to assist with various projects across the portfolio:</p> <ul style="list-style-type: none"> <li>• MNP with the new Strategic Risk Assessment process at eight of nine school boards;</li> <li>• KPMG with a portfolio-wide Cybersecurity engagement; and</li> <li>• Deloitte with employee absences data visualization engagements at three of the nine school Boards in the portfolio.</li> </ul>
<p><b>Quality Assurance</b></p>	<p>The mandate requires that RIAT performs its function and operations in accordance with the Framework.</p> <p>Standard 1310 requires that both internal and external quality assessments be conducted on a periodic basis. The following provides further details on how the RIAM ensures quality and continuity in the RIAT's activities:</p> <ul style="list-style-type: none"> <li>• Internally, the RIAM continuously ensures QA by performing activities such as: ongoing monitoring, reviewing of working papers and being present at exit interviews. In addition, the RIAT use an internal audit software<sup>3</sup> with audit program templates based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework<sup>4</sup>. A number of documents (such as the mandate and the final reports) developed by the collective of RIAMs in Ontario, are based on the Framework's standards of practice.</li> </ul>

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<sup>3</sup> Pentana

<sup>4</sup> See the following link for further information about COSO: <https://www.coso.org/Pages/default.aspx>



	<ul style="list-style-type: none"><li>Externally, the RIAM is in the process of acquiring Quality Assessment services to be performed in 2020-21. This assessment also includes interviews with a selection of staff and Audit Committee members. The RIAM will communicate to the Audit Committee the result of the external QA, including a plan to remedy gaps, as required.</li></ul>																									
2019-20 RIAT Annual Plan Activities	<p>As per the Ministry of Education’s 2016: B10 memo<sup>5</sup>, each Board should receive a minimum of two engagements a year, in addition to follow-up procedures on recommendations issued for previous audits (where necessary).</p> <p>The RIAM, in collaboration with Management, prepares an annual or multiyear plan each year based on risk assessments and input from Management. The RIAM then provides the plan to the audit committee, for their approval and to make recommendations to the board of trustees.</p> <p><u>2019-20 Region-Wide Plan</u></p> <p>The following table presents a summary of the status of all RIAT engagements in the Ontario East Region:</p>																									
	<table><tr><th>Engagement Type</th><th>Completed<sup>6</sup></th><th>Work in Progress<sup>7</sup></th><th>Postponed due to Covid</th><th>TOTAL</th></tr><tr><td>Assurance and Consulting</td><td>12</td><td>7</td><td>1</td><td>20</td></tr><tr><td>Strategic Risk Assessment</td><td></td><td>1</td><td>7</td><td>8</td></tr><tr><td>Follow-up</td><td>9</td><td></td><td></td><td>9</td></tr><tr><td>TOTAL</td><td>21</td><td>8</td><td>8</td><td>37</td></tr></table>	Engagement Type	Completed <sup>6</sup>	Work in Progress <sup>7</sup>	Postponed due to Covid	TOTAL	Assurance and Consulting	12	7	1	20	Strategic Risk Assessment		1	7	8	Follow-up	9			9	TOTAL	21	8	8	37
	Engagement Type	Completed <sup>6</sup>	Work in Progress <sup>7</sup>	Postponed due to Covid	TOTAL																					
	Assurance and Consulting	12	7	1	20																					
	Strategic Risk Assessment		1	7	8																					
	Follow-up	9			9																					
	TOTAL	21	8	8	37																					

<sup>5</sup> The complete list of B and SB memos can be found at this link: <https://efis.fma.csc.gov.on.ca/faab/Memos.htm>

<sup>6</sup> Presented to AC in the 2019-20 school year.

<sup>7</sup> Includes 3 engagements where the report is final but has not been presented to AC.



RIAT staff also participated in 29 Audit Committee meetings, including four for this school board.

*2019-20 School Board Plan*

At the September 2019 Audit Committee meeting, Audit Committee members approved the following audit plan for the School Board:

Year	Audit	Status
2019-20	Attendance Support Review	Completed
2019-20	Attendance Data Visualization	Completed
2019-20	Follow-up Procedures	Completed

RIAT completed all of its 2019-20 plan.

*2019-20 Follow-up Procedures*

Following up on previous audit recommendations is a recurrent engagement on the yearly RIAT plan, where there are outstanding recommendations from previous audits.

Across the Region, in the spring of 2018, there were 298 recommendations outstanding, with 122 recommendations with an initial implementation date prior to 2018-19. In 2019-20, RIAT staff focused on following up these recommendations and in the spring of 2020 there were 95 recommendations outstanding with only 5 dating prior to 2018-19.

At this school board, RIAT conducted and presented follow-up procedures to the Audit Committee members in 2019-20. In the 2019-20 Detailed Recommendations Status Report<sup>8</sup>, there were 18 recommendations outstanding. The status of these recommendations has not been up-dated since due to COVID19.

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<sup>8</sup> Appendix 4, dated March 25, 2020, presented at the September 23, 2020 Audit Committee meeting



<b>Key Considerations &amp; Analysis</b>	<p>2019-20 Regional Internal Audit Activities Updates were presented for information at each of the September 25, 2019, November 25, 2019 and January 22, 2020 Audit Committee meetings.</p> <p>The 2019-20 Annual Report on Internal Audit Activities includes a summary of the activities for the OCDSB as well as presents an overview of the whole portfolio.</p>
<b>Resource implications</b>	<p>The RIAT's staff and budget was used to prepare this report, with no financial participation from the Ottawa-Carleton DSB.</p>
<b>Communication/ Consultation</b>	<p>Throughout the year, the RIAT provides the Audit Committee with regular Internal Audit Updates at each Audit Committee meeting.</p> <p>The 2019-20 Annual Report on Internal Audit Activities ("the report") presents the summary of all RIATs activities for the year to the members of the OCDSB Audit Committee, both for the OCDSB and the Ontario-East Region.</p> <p>The Report, in its draft format, was presented to Management to ensure Management was aware of the content of the report and to give them an opportunity to comment, as appropriate.</p>
<b>Recommendations</b>	<p>That the Ottawa-Carleton District School Board Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Receives for information the 2019-20 Annual Report on Internal Audit Activities; and</li> <li>2. Approves the 2020-21 Regional Internal Audit Mandate.</li> </ol>
<b>Appendix</b>	<ol style="list-style-type: none"> <li>1. 2020-21 Regional Internal Audit Mandate – Ontario East.</li> </ol>



## **Regional Internal Audit Mandate**

### **PURPOSE AND DEFINITION**

The purpose of the regional internal audit team is to provide independent, objective assurance and consulting services designed to add value and improve the district school boards' operations in the Ontario East region. It helps the district school boards accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### **ROLE**

The regional internal audit activity is established by the Ministry of Education through the annual Grants for Student Needs funding. The oversight role of the Audit Committee of the Board of Trustees over the regional internal audit activity is established by Regulation 361/10.

### **PROFESSIONALISM**

The regional internal audit activity will adhere to the Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the regional internal audit activity's performance.

### **AUTHORITY**

The regional internal audit activity, with strict accountability for confidentiality and the safeguarding of records and information is authorized full, free and unrestricted access to any and all of the district school boards' records, physical properties, and personnel pertinent to carrying out any engagement. All school board employees are requested to assist the regional internal audit team in fulfilling its responsibilities. The regional internal audit team will also have free and unrestricted access to school board leaders and to the Audit Committee of the Board of Trustees.



## ORGANIZATION

The internal audit function follows a regional model. The function consists of a Regional Internal Audit Manager responsible to district school boards in one of the eight regions in the province of Ontario as identified by the Ministry of Education. The Regional Internal Audit Manager will report functionally to their regional audit committees of the Boards of Trustees and administratively are supported by a host school board Senior Business Official. Every effort is made to adequately staff the internal audit function, within available financial resources, in order to perform its audit activities.

Each Audit Committee of the Board of Trustees will for their Board:

- Approve the regional internal audit mandate;
- Recommend for approval the risk based internal audit plan;
- Receive information from the Regional Internal Audit Manager about the internal audit activity performance to plan and other relevant matters;
- Inquire of the Regional Internal Audit Manager and the Senior Business Official whether there are resource or scoping limitations; and
- Review annually the performance of the regional internal audit activity and provide the Board of Trustees with their comments regarding the performance of the Regional Internal Audit Manager.

The Regional Internal Audit Manager will interact directly with the Audit Committee of the Board of Trustees, including in-camera sessions and between audit committee meetings as appropriate.

## INDEPENDENCE AND OBJECTIVITY

The regional internal audit activity will remain free from interference by any element in the district school board including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessary independent and objective mental attitude.

Regional internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair judgment.

Regional internal auditors will exhibit the highest standards of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Regional Internal Audit Manager will confirm to the Audit Committee of the Board of Trustees, at least annually, the organizational independence of the internal audit activity.



## RESPONSIBILITY

The scope of work of the regional internal audit team encompasses but is not limited to:

- Evaluating risk exposure relating to the achievement of the district school board's strategic objectives;
- Evaluating the reliability and integrity of information and the means used to identify measure, classify and report information;
- Evaluating the systems which ensure compliance with policies, procedures, applicable laws and regulations which impact the district school board;
- Evaluating whether resources are acquired economically, used efficiently, and are adequately protected;
- Evaluating operations and processes to ascertain whether results are consistent with established objectives and whether processes are functioning as planned;
- Performing consulting and advisory services or assessments of specific operations as requested by the Audit Committee of the Board of Trustees or district school board management as appropriate;
- Evaluating the effectiveness of the district school board's risk management and governance processes;
- Reporting periodically on the regional internal audit performance against plans; and
- Reporting significant risk exposures and control issues, including fraud risks, governance issues and other matters requested by the Audit Committee of the Board of Trustees.

## INTERNAL AUDIT PLAN

Annually, the Regional Internal Audit Manager will submit to district school board management and to the Audit Committee of the Board of Trustees an internal audit plan for recommendation to their Board of Trustees for approval. If there are any resource limitations or interim changes, these will be communicated.

The internal audit plan will be developed based on a prioritization of the internal audit universe using a risk based methodology which includes input of district school board management. The Regional Internal Audit Manager will review and adjust the plan as required in response to changes in the risk profile. Any significant deviation from the approved internal audit plan will be communicated through periodic status reports. The Regional Internal Audit Manager or any of his or her team may initiate and conduct any other audit or review deemed necessary for potential illegal acts, fraud, abuse, or misuse of funds. Reasonable notice shall be given to appropriate personnel of intent to audit in their areas except when conditions warrant an unannounced audit.



## REPORTING AND MONITORING

Opportunities for improving internal control may be identified during audits. A written report will be issued by the Regional Internal Audit Manager at the conclusion of each audit and will be distributed according to the school board's requirements. (This could include the head of the audited activity or department, the director of education, the audit committee and the external auditor of the district school board.)

Each report will describe opportunities to strengthen district school board risk, internal control and governance processes and conclude on the adequacy and effectiveness of the processes. The district school board management will provide action plans and timelines to address each opportunity (observation). The regional internal audit team is responsible to perform appropriate follow-up procedures to attest to the completion of action plans. Significant observations will remain in an open issue status until cleared.

## QUALITY ASSURANCE

The regional internal audit team will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and conformance with the International Standards for the Professional Practice of Internal Auditing.

The Regional Internal Audit Manager will communicate to district school board management and the Audit Committee of the Board of Trustees on the internal audit activity's quality assurance and improvement program, including the results of ongoing internal assessments and external assessments conducted as appropriate, usually on a five year cycle.

*Genevieve Segu*

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Regional Internal Audit Manager

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Audit Committee Chair

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Director of Education

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Dated





## DEFINITION OF SELECTED TERMS

Add Value	Value is provided by improving opportunities to achieve organizational objectives, identifying operational improvement, and/or reducing risk exposure through both assurance and consulting services.
Advisory/Consulting Services	Advisory and related client service activities, the nature and scope of which are agreed to with the client and which are intended to add value and improve a school board's governance, risk management and control processes without the regional internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.
Assurance	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Results can be relied upon for supporting informed decision making.
Board of Trustees	A legislative body that has overall responsibility and accountability for the district school board. For purposes of this Mandate, this also includes committees that support the Board of Trustees including the audit committee.
Compliance	Conformity and adherence to policies, plans, procedures, laws, regulations, contracts or other requirements.
Control Environment	<p>The attitude and actions of the Board of Trustees and district board management regarding the significance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Integrity and ethical values.</li> <li><input type="checkbox"/> Management's philosophy and operating style.</li> <li><input type="checkbox"/> Organizational structure.</li> <li><input type="checkbox"/> Assignment of authority and responsibility.</li> <li><input type="checkbox"/> Human resource policies and practices.</li> <li><input type="checkbox"/> Competence of personnel.</li> </ul>
Control/Internal Controls	<p>Any action taken by district board management and other parties to enhance risk management and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.</p> <p>The system of management controls (business plans, capturing and analyzing data, performance reporting, code of conduct, etc.) that are implemented within a school board to ensure that assets (human, physical and information) are protected and to provide reasonable assurance that its objectives can be achieved.</p>



Control Processes	The policies, procedures and activities that are part of a control framework, designed to ensure that risks are contained within the risk tolerances established by the risk management process.
Fraud	Any illegal acts characterized by deceit, concealment or violation of trust. These acts are not dependent upon the application of threat of violence or of physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.
Governance	The combination of processes and structures implemented by the Board of Trustees in order to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives.
In-camera	A separate discussion between members of the Audit Committee and the <i>(insert title here)</i> promoting open communication and discussion of any sensitive issues or problems.
Independence	The freedom from conditions that threaten objectivity or the appearance of objectivity. Such threats to objectivity must be managed at the individual auditor, engagement, functional and organizational levels.
Objectivity	An unbiased mental attitude that allows regional internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Objectivity requires regional internal auditors to not subordinate their judgment on audit matters to that of others.
Risk	Effect of uncertainty on objectives or outcomes.
Risk Management	A structured and disciplined approach aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks an organization faces. Overall, it is about choices made under conditions of uncertainty, balanced by acceptable levels of risk.



## MEMORANDUM

**Memo No. 20-117**

**TO:** Audit Committee Members

**FROM:** Camille Williams-Taylor, Director of Education and Secretary of the Board  
Mike Carson, Chief Financial Officer

**DATE:** 21 October 2020

**RE:** **Regional Internal Audit Team Evaluation Process for 2019-2020**

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A key responsibility of the Audit Committee is to work with the regional internal audit team (RIAT) which supports the committee by providing analyses, assessments, recommendations and advice that contribute to the effectiveness of risk management, internal control and governance processes. The RIAT manager (and staff) report administratively to the senior business official of the host board (Ottawa Catholic School Board) and functionally to the audit committees in the region.

Providing formal feedback to the RIAT through a high-level performance evaluation contributes to continued improvement in the team's effectiveness. It is the responsibility of the host board to complete a performance evaluation of the audit team with input from the audit committees in the region. *Ontario Regulation 361/10, Audit Committees* states that an audit committee is "to review at least once in each fiscal year the performance of the internal auditor and provide the board with comments regarding his or her performance."

The two-part form is attached as Appendix A. Staff is requesting your assistance in preparing the evaluation and asks that you please complete and return *Part 1, Evaluation of Regional Internal Audit – Audit Committee* to Kevin Gardner, Manager of Financial Services by 30 October 2020. Ratings and comments will be summarized and the evaluation, inclusive of management's evaluation, will be presented to Audit Committee for approval in November 2020.

To assist Audit Committee members in reviewing the work performed by the RIAT, reference can be made to Report 20-074 entitled *2019-2020 Annual Report on Internal Audit Activity* which is included in the Audit Committee agenda of 21 October 2020. The report identifies that the RIAT presented final reports on two consulting engagements: one assessed the District's attendance support program and the other presented absence data using a data visualization software application. The team also performed follow-up procedures relating to outstanding recommendations from past audits.

Please direct questions to Kevin Gardner at [kevin.gardner@ocdsb.ca](mailto:kevin.gardner@ocdsb.ca)

Attach

cc Trustees  
Senior Staff  
Manager of Board Services  
Manager of Financial Services  
Corporate Records

## Part 1

## EVALUATION OF REGIONAL INTERNAL AUDIT – AUDIT COMMITTEE

Appendix A  
to Memo 20-117

*This checklist should be completed by the audit committee annually prior to feedback from other areas of the Board.*

**Understanding:****How well does internal audit demonstrate that it:**

- Recognizes its accountability to the audit committee;
- Understands the responsibilities and operation of the audit committee;
- Understands the expectations of the audit committee and the chair;
- Understands the Board's operations and risk environment?

Strong	Adequate	Needs Improvement

**Comments:****Experience:**

Evaluate internal audit's independence from the activities it audits.

How would you assess the committee's confidence in internal audit?

Has internal audit presented its mandate in the last two years?

Does the regional internal audit team demonstrate consistency in quality of service to the Board?

Strong	Adequate	Needs Improvement
N/A	Yes	No

**Comments:****Communication:**

Has internal audit attended all the audit committee meetings scheduled to attend?

Has internal audit made itself available for consultation outside of audit committee meetings?

N/A	Yes	No

Evaluate internal audit's frankness and candour with the committee.

Evaluate internal audit's handling of difficult or contentious issues.

Evaluate the usual level of preparation for audit committee meetings demonstrated by internal audit.

Evaluate the quality of internal audit reports tabled with the audit committee. Consider relevance and clarity.

Strong	Adequate	Needs Improvement
N/A	Yes	No

Have reports been received from internal audit on a sufficiently timely basis?

If not, has an explanation been provided?

**Comments:**

#### Performance:

Assess the quality of the annual audit plan in terms of:

Comprehensiveness, clarity and timeliness,

Coverage of priority and high risk areas.

Did the current internal audit plan leave any significant issues of concern to the audit

Was it clear from its reporting to the committee that internal audit:

Delivered the services outlined in the plan,

Were in accordance with the agreed timetable?

Do you consider that internal audit has added value\* to the organization?

In what way has internal audit added value\* to the organization?

Strong	Adequate	Needs Improvement
N/A	Yes	No
N/A	Yes	No

**"VALUE" is provided by improving opportunities to achieve organizational objectives, identifying operational improvement, and/or reducing risk exposure through both assurance and consulting services.**

	Strong	Adequate	Needs Improvement
How would you assess internal audit's overall performance?			

**Comments:**

**Name:**

**Position:**

*Audit Committee Chair*

**Signed:**

**Date:**

## Part 2

## EVALUATION OF INTERNAL AUDIT – MANAGEMENT

*This checklist is to be completed by all Superintendents of Business/CFOs based on direct interaction with regional internal audit and observation at audit committee meetings, with input from post-audit satisfaction surveys (as available). The Host Board Superintendent will compile responses into an overall evaluation form.*

The full checklist should be completed every three years, starting with 2016-17. For the intervening years, please provide the following update:

\* I have no issues to report on the RIAM's performance.

\* I have some concerns with the RIAM's performance detailed below:

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**Planning:**

Is the regional internal audit mandate sufficiently communicated to key members of management and the Board?

Was there sufficient pre-planning and coordination by the internal auditors before internal audits and/or special projects commenced?

Did internal audit discuss its approach and major areas of audit focus with you?

Did you raise any major areas of concern that were not reviewed by the internal audit team?

N/A	Yes	No

**Comments:**

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**Skill and Experience:**

Do you consider the internal audit team have sufficient professional experience, project management, inter-personal skills to effectively carry out the work required?

Do you consider the internal audit team have sufficient experience in the functional specializations (eg IT, risk assessment, program delivery) to effectively carry out the work that was required?

Assess the strength of internal audit's understanding of the Board and its risk involvement.

To what level did the members of the internal audit team demonstrate an appreciation of the key risks and issues of the areas audited?

Did members of the internal audit team consistently demonstrate objectivity in all deliberations?

Do you believe the members of the internal audit team are independent of the activities they audit?

Were members of the internal audit team adequately supervised?

N/A	Yes	No
Strong	Adequate	Needs Improvement
N/A	Yes	No

**Skill and Experience:****Comments:****Work Programme:**

Was effective cooperation achieved between the internal auditors and departments including the avoidance of undue disruption to normal activities?

Did internal audit keep you up to date with the progress of your audits/projects?

Did internal audit provide early identification and advise of contentious issues, problem area and delays?

Did internal audit suggest how such issues could be resolved?

Were suggestions realistic and presented clearly and on a timely basis?

N/A	Yes	No

Were internal audit reports:

Relevant, clear and constructive;

Sufficiently detailed to enable effective management action;

Issued on a timely basis?

Were internal audit findings discussed with you prior to being tabled with audit committee?

Did internal audit follow up on recommendations to see if they had been implemented?

Do you have any unresolved disagreements with internal audit?

Did internal audit add value\* to the Board? *"Board" meaning corporate entity.*

N/A	Yes	No

In what way did internal audit add value\*?

**"VALUE" is provided by improving opportunities to achieve organizational objectives, identifying operational improvement, and/or reducing risk exposure through both assurance and consulting services.**

**Overall Performance:**

Overall , we are pleased with the performance of the Regional Internal Audit Manager.

N/A	Yes	No

**Comments:****Name:****Position:**

*Board Superintendent of Business/CFO*

**Signed:****Date:**



## 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
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Audit Committee Agenda Items	Meeting Date					Comments
	S	N	J	M	M	
	E	O	A	A	A	
	P	V	N	R	Y	
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						
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							