

AUDIT COMMITTEE PUBLIC AGENDA

**Wednesday, February 17, 2021, 6:00 pm
Zoom Meeting**

	Pages
1. Call to Order	
2. Election of Chair	
3. Approval of Agenda	
4. Welcome New Members	
5. Delegations	
6. Superintendent's Report	
7. COVID-19 Update	
8. Matters for Action	
8.1. Review of Audit Committee Report	
a. Report, 23 November 2020	1
b. Business Arising	
9. Matters for Discussion	
9.1. Report 21-005, Purchasing Policies Exceptions (M. Carson)	9
9.2. Report 21-009, Regulatory Compliance Register (M. Carson)	17
9.3. Report 21-012, 2020-2021 Revised Estimates (M. Carson)	23
9.4. Regional Internal Audit Team Manager Update (Oral) (G. Segu)	
10. Orientation (G. Segu, R. Clayton)	40
11. Supplementary Information Items	
<i>Provided for Audit Committee Review</i>	

11.1.	Memo No. 20-020, Leadership Succession Planning Strategy Update	89
12.	New Business	
12.1.	Report 21-018, Business and Learning Technologies Updates (S. Lehman)	94
13.	Adjournment	



AUDIT COMMITTEE REPORT (PUBLIC)

Monday, November 23, 2020

6:00 pm

Zoom Meeting

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

Staff and Guests: Donna Blackburn (Trustee), Lynn Scott (Trustee), Lyra Evans (Trustee), Camille Williams-Taylor (Director of Education), Mike Carson (Chief Financial Officer), Kevin Gardner (Manager of Financial Services), Sandra Lloyd (Manager of Risk and Supply Chain Management), Teri Adamthwaite (Coordinator of Financial Services), Charles D'Aoust (Coordinator of Budget Services), Kim Lebrun (Finance Officer), Rob Clayton (Lead Audit Engagement Partner, KPMG LLP), Rebecca Prophet (Audit Senior Manager, KPMG LLP), Gordon Champagne (Senior Regional Internal Auditor), Pasquale L'Orfano, (Regional Internal Auditor), Rebecca Grandis (Senior Board Coordinator).

1. Call to Order

Trustee Fisher called the public session to order at 6:04 p.m. and acknowledged that the meeting is taking place on unceded, unsurrendered 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 the District did submit an application for funding of \$45.0 million, under the COVID-19 Resilience Infrastructure Stream (CVRIS), to the Ministry of Education. The Ministry will review the submission and forward it to the federal government for approval. Staff expect

the funding announcements in February of 2021. The projects must be substantively complete by December 2021. This presents a very small window to complete these projects. Many of the projects included in the submission were scheduled to be undertaken under the Facilities Renewal/School Condition Index (FRP/SCI) work.

CFO Carson acknowledged the excellent work of the Finance department over the 2019-2020 year. Staff was able to adapt to working remotely and achieved a successful year end with the finalizing of the financial statements.

CFO Carson acknowledged that Kevin Gardner, Manager of Financial Services recently marked his 30 year anniversary of achieving his Certified General Accountant (CGA) designation.

5. COVID-19 Update

CFO Carson advised that the District has received an additional \$21.0 million in provincial funding through various agreements. The funding was allocated for enhanced cleaning supplies, transportation support, and for additional teaching staff. A second round of funding was allocated to school boards that were in "hotspot" areas in October. The majority of this provincial funding was used for staffing.

Pressure points continue to be the cost of acquiring personal protective equipment (PPE) and cleaning supplies. The province is coordinating the supply of these items through the Ministry of Government and Consumer Services (MGCS). Deliveries of goods through this supply chain have been unreliable and the District has had to purchase these items using its own funding. The products the District has acquired are medical grade, a much superior grade to that from the provincial supply.

There has been pressure placed on the Ministry by Directors of Education, senior business officials and trustee organizations to compensate school districts for the additional costs incurred in acquiring supplies. An announcement of this funding is expected in January 2021.

In response to questions CFO Carson noted:

- As part of the passing of an emergency bill, the province established that the MGCS would be the point of contact for all supplies of PPE for the Broader Public Sector (BPS). A second piece of legislation has allowed for the formation of Supply Chain Ontario, which may eventually see the centralization of provincial procurement for the BPS. Details are not available at this time;
- The District applied for approximately \$45.0 million in CVRIS funding which was based on what a proportionate share of the \$900.0 million of federal funding would be. Capacity within the system will have an impact on the projects. Staff reached out to the other school boards in Ottawa to ensure that the District's requests would not deplete the supply of local contractors, etc. The majority of the work in the OCDSB will be for heating, ventilation and air conditioning (HVAC), information technology (IT) infrastructure, washroom

facility upgrades and hands free water bottle fillers. The projects chosen could be completed in the short window of time that is available;

- Substantively complete is based on the cost of the project, 95% of the value of the project must be completed; and
- There were approximately 100 projects included in the OCDSB submission.

6. Matters for Action

6.1 Review of Audit Committee Report

a. 21 October 2020

Moved by Trustee Penny

That the Audit Committee Report for 21 October 2020 be received.

Carried

b. Business Arising

There was no business arising.

6.2 Report 20-092, Draft 2019-2020 Consolidated Financial Statements

Your Committee had before it Report 20-092, seeking approval of the draft 2019-2020 Consolidated Financial Statements.

CFO Carson noted that there were circumstances related to COVID-19 that had an impact on the completion of the financial statements and caused some delay.

The District is required to report the financial information using two methods: the consolidated financial statements and the compliance-based financial report.

The report introduces the draft consolidated financial statements that are prepared in accordance with *the Education Act*. They are consolidated as, in addition to the compliance-based financial information, they include the Ottawa-Carleton Education Network (OCENET), the Ottawa Student Transportation Authority (OSTA) and school generated funds.

The following points were noted:

- The District had a consolidated operating surplus of \$11.2 million as compared to a budgeted surplus of \$900,000;
- The District has \$39.8 million available for compliance that the Board can use in future years to balance a budget within the restrictions placed on it;

- The recommended carry forward amount of \$2.3 million will be used to augment existing budgets, the use will be monitored and managed closely to ensure focused spending occurs; and
- KPMG have audited the consolidated financial statements and provided the opinion that the statements fairly present the consolidated financial information in all material respects.

CFO Carson drew attention to a new note to the financial statements that is becoming a standard disclosure, and outlines the impact of the Coronavirus COVID-19 pandemic and the ability for an organization to operate.

Chair Scott requested, on a point of personal privilege, that when referring to the report that the page numbers be used rather than the folio numbers.

Mr. Rob Clayton, Lead Audit Engagement Partner at KPMG advised that there were no issues or reservations expressed by the auditors in their report and staff cooperated fully in a very challenging time and that he could report a clean, unmodified opinion.

In the ensuing discussion and questions the following was noted:

- The significant amount in accounts receivable due from the municipality of \$80.0 million was the result of a property tax deferral to ease the pressure on local property owners and municipalities during COVID-19. The funds did not flow through to school boards at the time of reporting but have since been received;
- Regarding the carry forward increase of \$2.3 million that will augment existing budgets, staff will be developing a spending plan for schools to ensure the funds are used to respond to COVID-19 issues; and
- Employee future benefits (EFB) will continue to be a liability as it includes the future cost of Workplace Safety and Insurance Board (WSIB) benefits and some commitments to life insurance for staff members on long-term disability. The unfunded liability for EFB is a component of the accumulated surplus balance that is unavailable for compliance. The unfunded liability is being amortized as an expense over twelve years. There are four years of amortization costs remaining.

Moved by Erik Husband

THAT the Draft 2019-2020 Consolidated Financial Statements attached as Appendix A to Report 20-092 be approved.

Carried

7. Matters for Discussion

7.1 Report 20-093, Analysis of the District's 2019-2020 Financial Results

Your Committee had before it Report 20-093, providing the Audit Committee with information regarding the District's financial results for the year ended 31 August 2020.

CFO Carson advised that the deficit incurred for the year was substantially lower than the original budgeted amount of \$9.0 million. Funds were used from the 2019-2020 fiscal year to ensure the readiness of schools in September for the 2020-2021 school year.

During the presentation and ensuing discussion, the following was noted:

- The \$2.6 million deficit was lower than the planned deficit of \$8.4 million;
- Costs and revenues were adjusted in response to centrally negotiated collective agreements;
- * ● There is an accumulated surplus in the amount of \$39.8 million that is available for compliance with Ministry requirements for managing the District's finances. Of this amount, \$8.0 million is committed to support capital asset amortization costs;
- Items of significant impact on the financial results were:
 - centrally negotiated collective agreements;
 - decreased average daily enrolment;
 - Indigenous Education allocation increases and higher enrolment in secondary courses;
 - language allocation for French as a second language FSL) and (English as a Second Language (ESL) ;
 - Teacher Qualification and Experience grant reductions;
 - Transportation grant reduction;
 - increased spending on portables; funds set aside for the acquisition of minor tangible capital assets;
 - deferred capital contributions and related expenses;
 - loss of Extended Day Program (EDP) and childcare revenue;
 - reduced international student revenue;
 - reductions in rental income benefits and miscellaneous revenue; and
 - COVID-related costs incurred in 2019-2020.
- Staff are going to be reviewing the cost of the EDP and child care programs in December to determine a fee structure and to look at the business model for 2020-2021;
- Maintaining stability within the District was a priority in 2019-2020 and early childhood educators (ECEs) in the EDP and extended programs

* Revised

were retained to support students. It is anticipated that funding will be provided for the cost of maintaining staff;

- Discussions about how to maintain stability in childcare are ongoing with the Ministry;
- The EDP and childcare programs were intended to be cost-recovery, deficits were incurred in the early years and subsequent adjustments have been made;
- A strong child care program helps to attract students to the District;
- Of the \$7.9 million in COVID-19 expenses, approximately 60% of those funds were spent in the spring and the remainder was allocated to prepare for the September 2020 school reopening;
- Strike savings are currently shown as a liability which will be recovered by the province by way of future grant adjustments;
- The recovery fee for international students was announced in the 2019-2020 Grants for Student Needs (GSNs), OCENET did plan to increase tuition costs to recover this fee but in light of COVID-19 they may have to revisit this strategy;
- The recovery fee is the same for students in all school districts; and
- Staff will be reviewing the EDP fees to look for ways to lessen the impact of increases to cover the cost of operations.

8. Information Items

8.1 Regional Internal Audit Team (RIAT) Update

Your Committee had before it the Regional Internal Audit Team (RIAT) Update, providing information to the Audit Committee on the work being carried out by the RIAT.

Mr. Gordon Champagne, Senior Regional Internal Auditor, provided an update on the work of the RIAT that included the following:

- The Cyber Security Review was a useful robust workshop that took place in October 2020 and the results are being finalized. The next steps will be meeting with Information Technology (IT) managers in the Eastern Ontario region to validate the report and determine the priorities for each school board;
- The RIAT follow-up procedures will continue with consideration of the impact of COVID-19 on this work and staff time;
- RIAT Manager Segu met with the contractor and senior management to review the terms of references for the COVID-19 Review project. It

is scheduled to commence in January 2021 and will take approximately 4 weeks to complete; and

- The educational assistant (EA) deployment engagement has not been initiated, RIAT staff are looking at a start date for this work when availability permits.

In the ensuing conversation the following was noted:

- CFO Carson noted that he did meet with Ms. Segu and the contractor to discuss the COVID-19 Response Review. Changes were made to the timing and the format is being reviewed. He advised that he and Ms. Segu reached a solution that allows for a review to be conducted without a significant impact on the regular work of staff.
- The EA Deployment Review is planned to be undertaken this year; however, the COVID-19 Response Review has become a priority.

9. New Business

9.1 External Audit Committee Members (Outgoing)

Trustee Fisher noted that this is the last meeting with the current external members of the Audit Committee, as their term ends on 30 November 2020. He acknowledged the very valuable contribution that Ms. Blanchard and Mr. Husband have made to the Audit Committee during their terms, in particular, guiding the conversation around risk management and the financial statements.

Trustee Scott noted it has been a pleasure to work with Ms. Blanchard and Mr. Husband, and that they have been instrumental in informing the thinking of the Committee and keeping it on track with their consistent, good questions. These experienced, knowledgeable members provide a valuable service to the District.

CFO Carson noted that Ms. Blanchard and Mr. Husband have given a great deal of time to the Committee both at meetings and outside of meetings. Mr. Husband has been forthright in his approach to the risk management and financial disclosure work and it has been appreciated. Their comments have always been valuable and helpful.

Director Williams-Taylor noted her appreciation for the skilled external voice on the Audit Committee as it helps to promote the District's commitment to transparency and authenticity. She did recognize that this work is done with volunteer time and it is recognized and greatly appreciated.

Mr. Husband was pleased to note that since he joined the Committee areas that had been identified as a risk to the District have been addressed. He

acknowledged that he was committed to the risk management work and as a result there is a program in place.

He acknowledged that the work on the long range agenda for the Audit Committee must continue to include more structure and deliverable dates. He noted that he wished to see the Committee have a better understanding of the internal controls framework, particularly in relation to the approval of the financial statements and that it would be beneficial to have an attestation letter from the CFO noting that the internal controls of the organization are sufficient to safeguard its interest. He suggested a quarterly cadence to the financial statements. It was his hope that these suggestions would be considered in the future by the new members of the Committee.

10. Adjournment

The public meeting adjourned at 7:44 p.m.

Mark Fisher, Chair, Audit Committee



AUDIT COMMITTEE Report No. 21-005

17 February 2021

Purchasing Policies Exceptions

Key Contact: Michael Carson, Chief Financial Officer, 613-596-8211 ext. 8381

PURPOSE:

1. To provide to the Audit Committee with annual information regarding purchasing policies exceptions.

CONTEXT:

2. District policy, in alignment with the legislated Broader Public Sector (BPS) procurement directive, sets forth rules with respect to following a procurement process that is fair and transparent to all stakeholders.

As a general rule, a competitive procurement process is followed as outlined in the District purchasing policies; however, from time to time, special circumstances require non-competitive procurement.

All BPS organizations, including the District, may use non-competitive procurement only in situations outlined in the Canadian Free Trade Agreement (CFTA), and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).

KEY CONSIDERATIONS:

3. Process for Non-Competitive Procurement
Prior to the commencement of a non-competitive procurement, supporting documentation is completed and approved by the appropriate superintendent and the Director of Education or Chief Financial Officer.

Supply Chain Management (SCM) staff record and track all non-competitive procurement transactions in a central database under the following three categories as deemed acceptable by the free trade agreements (see Appendix A):

- non-application;
- single source; and
- sole source.

Non-application means that the goods or services being procured do not require a competitive bid process. Single source means that only one supplier is

approached for a particular good or service. Sole source means that only one supplier can supply the goods or services required.

A fourth category of non-competitive procurement, nonconformance, is also tracked. Non-conformance procurements are those that fall outside of the free trade agreement exceptionalities and outside of the requirements of the District's purchasing policies. Nonconformity is defined as failure or refusal to conform to a prevailing rule or practice. Typically, these are the purchases where the requisitioner failed to obtain a sufficient number of competitive bids.

In the case of nonconforming procurement, SCM staff will not convert the purchase requisition into a purchase order and payment does not occur until a rationale is documented that indicates the reason for non-conformance. The nonconformance procurement must then be authorized/signed by the appropriate superintendent and Director of Education or Chief Financial Officer for processing and payment to occur.

In the case of exceptions, SCM staff follows up with the schools or departments reminding them of the District's purchasing policies and provides guidance with respect to strategic sourcing and possible procurement processes that can be used in future.

Training is provided on an ongoing basis through the Finance department's school support hotline, telephone support and guidance from SCM staff, and periodic presentations at school operations meetings (principals and vice-principals) and office administrator meetings.

Purchasing Policies Exceptions

Attached as Appendices B and C are the purchasing policies exceptions that occurred between September 2019 to August 2020, as well as the previous annual (2018-2019) purchasing exception report for comparison purposes.

As noted, the total dollar value of purchase orders processed in 2019-2020 was 5% higher than the previous year. The number of purchasing exceptions remained the same in the sole source category and has increased slightly in the non-application and single source categories from the previous year. However, the non-conformance purchases remain at less than 1% of the total number of purchase orders processed and less than 1% of the total dollar value of purchase orders processed.

SCM staff continues to make presentations to principals, vice-principals, office administrators and departmental staff on the BPS procurement directive competitive bidding requirements, as well as the District's purchasing policies.

RESOURCE IMPLICATIONS:

4. Competitive procurement ensures optimum value for money.

COMMUNICATION/CONSULTATION ISSUES:

5. There is regular communication with schools and departments regarding tendered standing offer contracts that have already gone through the rigour of a

competitive procurement process. This enables schools and departments to acquire goods or services in a timely and cost effective manner. Updated purchasing policies and procedures are communicated to District staff in a timely fashion. Purchasing policy nonconformance is brought to the attention of the requisitioner and to their respective superintendent to prevent future occurrences.

This purchasing exceptions report is provided on an annual basis. Due to the fairly consistent reporting results for the past three years it appears that an annual reporting schedule is adequate. However, should there be an occurrence of substantial non-conformance, it will be brought to the attention of the Audit Committee immediately, and not wait for the annual report.

STRATEGIC LINKS:

6. The report aligns with the 2019-2023 Strategic Plan's pillar of developing a culture of social responsibility by modeling accountability and by building system capacity in resource allocation.

GUIDING QUESTIONS:

7. The following question is provided to support the discussion of this item by the Committee:
 - How does this activity connect with the Audit Committee's objectives?

Michael Carson
Chief Financial Officer

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

APPENDICES

Appendix A Allowable Exceptions

Appendix B Purchasing Policies Exceptions for Fiscal Year 2019-2020

Appendix C Purchasing Policies Exceptions for Fiscal Year 2018-2019

APPENDIX A

To Report 21-005

CFTA/CETA - Allowable Exceptions

Non-Application of Trade Agreements

Where a non-application clause exists under CFTA or CETA, Broader Public Sector (BPS) organizations may apply this clause as the basis for conducting non-competitive procurement.

A BPS organization asserting that procurement is subject to a non-application clause under a trade agreement must formally establish applicability of this clause.

As of July 2017 (CFTA) and September 2017 (CETA), the above-mentioned non-application clauses of the free trade agreements are outlined below. BPS organizations are required to comply with any amendments to the trade agreements approved after release of the BPS Procurement Directive.

- Procurement of goods intended for resale to the public;
- Contracts with a public body or a non-profit organization;
- Procurement of goods and services purchased on behalf of an entity that is out of scope of the Directive;
- Procurement from philanthropic institutions, prison labour or persons with disabilities;
- Procurement of any goods the inter-provincial movement of which is restricted by laws not inconsistent with the trade agreements;
- Procurement of goods and services that is financed primarily from donations that are subject to conditions that are inconsistent with the Directive;
- Procurement of goods and services related to cultural or artistic fields and computer software for educational purposes;
- Procurement of services that in Ontario may, by legislation or regulation, be provided only by any of the following licensed professionals: medical doctors, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries;
- Procurement of services of financial analysts or the management of investments by organizations who have such functions as a primary purpose;

- Procurement of financial services respecting the management of financial assets and liabilities (i.e., treasury operations), including ancillary advisory and information services, whether or not delivered by a financial institution;
- Procurement of goods and services for use outside Canada as well as construction work done outside Canada; and
- Health services and social services.

Single Sourcing

BPS organizations may conduct non-competitive procurement in the circumstances listed below (also known as single-source situations); provided that they do not do so for the purposes of avoiding competition between suppliers or to discriminate against suppliers:

- Where an unforeseeable situation of urgency exists and the goods or services cannot be obtained in time by means of open procurement procedures.
- Failure to plan and allow sufficient time for a competitive procurement process does not constitute an unforeseeable situation of urgency;
- Where goods or services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of those matters through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest;
- Where a contract is to be awarded under a cooperation agreement that is financed, in whole or in part, by an international cooperation organization, only to the extent that the agreement between the entity and the organization includes rules for awarding contracts that differ from the obligations set out in the Directive;
- Where construction materials are to be purchased and it can be demonstrated that transportation costs or technical considerations impose geographic limits on the available supply base, specifically in the case of sand, stone, gravel, asphalt, compound and pre-mixed concrete for use in the construction or repair of roads;
- Where compliance with the open tendering provisions set out in the Directive would interfere with the entities' ability to maintain security or order or to protect human, animal or plant life or health; and
- In the absence of a receipt of any bids in response to a call for proposals or tenders made in accordance with the Directive.

Sole Sourcing

Where only one supplier is able to meet the requirements of a procurement, BPS organizations may conduct non-competitive procurement in the circumstances listed below (also known as sole-source situations) provided that they do not do so for the purposes of avoiding competition between suppliers or to discriminate against suppliers:

- To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licenses, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative;
- Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists;
- For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly;
- For the purchase of goods on a commodity market;
- For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor;
- For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work;
- For a contract to be awarded to the winner of a design contest;
- For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases;
- For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases;
- For the procurement of original works of art;
- For the procurement of subscriptions to newspapers, magazines or other periodicals; and
- For the procurement of real property.

APPENDIX B
To Report 21-005

PURCHASING POLICIES EXCEPTIONS FOR FISCAL YEAR 2019-2020

For 2019-2020 Fiscal Year

Total # of P.O.s processed

8244

Total Dollar Value of P.O.s processed

\$104,356,158.68

Exceptions	Number of P.O.s	% of Number of Total P.O.s Processed	Dollar Value	% of Total Dollar Value
Non-Application	16	0.19%	\$270,328.11	0.26%
Single Source	34	0.41%	\$1,870,882.77	1.79%
Sole Source	76	0.92%	\$1,427,573.42	1.37%
TOTAL	126	1.52%	\$3,568,784.30	3.42%
Non-Conformance	41	0.50%	\$230,008.31	0.22%

APPENDIX C
To Report 21-005

PURCHASING POLICIES EXCEPTIONS FOR FISCAL YEAR 2018-2019

For 2018-2019 Fiscal Year

Total # of P.O.s processed 9631

Total Dollar Value of P.O.s processed \$99,299,661.44

Exceptions	Number of P.O.s	% of Number of Total P.O.s Processed	Dollar Value	% of Total Dollar Value
Non-Application	14	0.15%	\$211,372.36	0.21%
Single Source	32	0.33%	\$214,930.03	0.22%
Sole Source	76	0.79%	\$1,133,565.15	1.14%
TOTAL	122	1.27%	\$1,559,867.54	1.57%
Non-Conformance	41	0.43%	\$365,272.12	0.37%



AUDIT COMMITTEE Report No. 21-009

17 February 2021

Regulatory Compliance

Key Contact: Michael Carson, Chief Financial Officer, 613-596-8211 ext. 8381

PURPOSE:

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

CONTEXT:

2. One of the roles of the Audit Committee is to ensure that appropriate processes and controls are in place to make certain that the District is in compliance with statutes and regulations, and that processes are also in place to address areas of non-compliance.

While the regulatory compliance register is a living document, the register captures the key statutes and regulations of the 2019-2020 school year.

In an organization the size of the OCDSB, there will always be instances of non-compliance, however the monitoring of the register is designed to reduce the risk that such non-compliance will go uncorrected.

KEY CONSIDERATIONS:

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

Regulatory compliance is achieved and monitored in the following ways:

- a. Through Ministry directives and policy/program memoranda (PPMs);
- b. Through formal District policies, procedures, standard operation directives and processes that staff must follow;
- c. Through various levels of supervisory and management oversight of the work performed within the District;
- d. Through self-regulations as many staff members are bound by their professional standards and their professional code of ethics;
- e. Through staff training and certifications which includes in-depth knowledge of the regulatory requirements in their area of work/responsibility; and
- f. Orders to comply, fines, penalties, tribunal or judicial reviews by external agencies with oversight responsibility in their respective areas.

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

Managers in the District have provided an attestation to their respective superintendents that for the 2019-2020 school year, to the best of their knowledge, their department is in compliance with statutory and regulatory requirements. Where partial compliance or non-compliance is identified by the manager, it is documented, including the actions that are being taken to ensure substantial compliance. For example, at any given time, staff may be in the process of writing, updating or implementing new processes to meet the ever-changing statutes or regulatory requirements, or responding to immediate gaps that have been identified either internally or externally through the respective compliance mechanisms, i.e., Ministry of Labour (MOL) inspections, Technical Standards & Safety Authority (TSSA) inspections, Electrical Safety Authority (ESA) inspections, etc.

Considering that 2020 was a challenging year, most of the work on achieving full compliance was put on hold. The following are some examples of areas where departments are still working on developing processes and controls to achieve full compliance:

- a. One area identified by Supply Chain Management (SCM) staff as having substantial compliance is the Comprehensive Economic and Trade Agreement (CETA) and Canadian Free Trade Agreement (CFTA). SCM staff is working on updating the relevant District policies and procedures for alignment with the trade agreements. The implementation of an e-bidding portal to receive submissions electronically is now operational and in compliance with the trade agreements;
- b. Under the *Waste Diversion Act*, there is an expectation that school districts will achieve a 50% diversion rate. Only partial compliance has been achieved to date as all schools do not actively participate in a recycling program;
- c. Under the *Education Act* a plan had been developed in the 2019-2020 school year to re-establish compliance with the requirements related to the completion schedule for teacher, principal and vice-principal performance appraisals (TPAs). However, due to increasing demands faced by school-based administrators, the Ministry provided direction that TPAs would be paused for the remainder of the 2020-2021 school year;
- d. With respect to the *Accessibility for Ontarians with Disabilities Act* (AODA), some new staff members had not been trained as required. An online training module with enhanced Human Rights content was developed and was rolled out to all staff, including new employees. HR staff are in the process of reviewing their training database to ensure that all staff hired in September 2020 have completed this training and following up where necessary;
- e. Under the *Fire Prevention and Protection Act* - Staff are working closely with Ottawa Fire Services to update fire safety plans at every OCDSB facility, but only a portion have been approved resulting in partial

- compliance. The current situation with COVID-19 has slowed the process of both the OCDSB and Ottawa Fire Services; and
- f. With respect to *the Occupational Health & Safety (OH&S) Act* - Due to school closures and the shift to remote learning, monthly inspections were not conducted at all sites, although an inspection was conducted at all sites prior to the return to school in September 2020. OH&S staff in consultation with the Joint Health and Safety Committee (JHSC) continue to work on ensuring alternative strategies and measures are in place in the event that the identified worksite safety representative at a particular site is unable to complete the monthly inspections.

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

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

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

RESOURCE IMPLICATIONS:

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

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

COMMUNICATION/CONSULTATION ISSUES:

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

STRATEGIC LINKS:

6. The 2019-2023 Strategic Plan pillar of developing a culture of social responsibility and improved governance practices is achieved when regulatory compliance is reviewed and updated on an annual basis thereby building capacity in risk management.

GUIDING QUESTIONS:

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

Michael Carson
Chief Financial Officer
(ext. 8381)

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

APPENDICES

Appendix A - Regulatory Compliance Memorandum



MEMORANDUM

TO: Audit Committee

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

DATE: 17 February 2021

RE: **Regulatory Compliance**

During the 2019/2020 fiscal year we can confirm, to the best of our knowledge, that our operational processes and practices were satisfactory to:

- a. Demonstrate that the OCDSB is in general compliance with the regulatory requirements listed below in all substantial manners: and
 - b. To identify instances of non-compliance and to provide for correction of their non-compliance.
- Accessibility for Ontarians with Disabilities Act (AODA)
 - Anti-Racism Act
 - Audiology & Speech-Language Pathology Act
 - Broader Public Sector Accountability Act
 - Canada-European Union (EU) Comprehensive Economic and Trade Agreement
 - Canada Revenue Agency Act
 - Canada's Anti-Spam Legislation
 - Canadian Free Trade Agreement
 - Child Care and Early Years Act
 - Child, Youth and Family Services Act
 - Canadian Radio-Television and Telecommunications Commission Act (CRTC)
 - Education Act
 - Electricity Act
 - Employment Standards Act
 - Environmental Protection Act
 - Fire Prevention and Protection Act
 - Green Energy Act
 - Health Care Consent Act
 - Municipal Elections Act
 - Municipal Freedom of Information and Protection of Privacy Act
 - Occupational Health and Safety Act

- Ontario Building Code
- Ontario Human Rights Code
- Personal Health Information Protection Act (PHIPA)
- Pesticides Act
- Psychology Act
- Quebec / Interior Trade Agreement
- Regulated Health Professionals Act
- Rowan's Law
- Ryan's Law
- Sabrina's Law
- Safe Drinking Water Act
- Social Work and Social Workers Act
- Technical Standards and Safety Authority
- Waste Diversion Act
- Workplace Safety and Insurance Act
- Youth Criminal Justice Act

Date: _____
 Month, Day, Year

 Michael Carson
 Chief Financial Officer

Date: _____
 Month, Day, Year

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

Attach.

cc Senior Staff
 Manager Risk and Supply Chain Management
 Manager Board Services
 Corporate Records



COMMITTEE OF THE WHOLE (BUDGET) AUDIT COMMITTEE

**2 February 2021
17 February 2021**

Report No. 21-012

2020-2021 Revised Estimates

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

PURPOSE:

1. To explain changes reflected in the District's 2020-2021 Revised Estimates as compared to the District's 2020-2021 Budget.

CONTEXT:

2. The Ministry of Education requires that school boards approve and submit annual budget estimates by the end of June preceding the beginning of a new school year. The outbreak of the COVID-19 pandemic significantly influenced the 2020-2021 budget process. The provincial government, along with organizations such as school boards and municipalities, was focused on responding to the rapidly evolving challenges in the months immediately following the start of the pandemic. Consequently, the Ministry delayed the Grants for Student Needs (GSN) funding announcement until 19 June 2020. The timeline for Board approval of the spending plan was also extended which allowed for the 2020-2021 Budget to be finalized on 26 August 2020.

The Ministry also requires that the approved budget estimates be revised after the start of the school year to reflect the financial impact resulting from actual enrolment levels. Changes in revenues and expenses not related to enrolment are also included. The update to the Board approved budget is referred to as the revised estimates.

The changes reflected in the 2020-2021 Revised Estimates include the impact of net enrolment reductions which resulted in reduced revenue, reduced revenues from Community Use of Schools (CUS), Extended Day and Child Care programs, and changes identified as part of ongoing monitoring of operations. Enhanced spending capacity provided by grants targeted to support the District's response to the COVID-19 pandemic are included in the projections as is a financial sustainability grant to offset the funding reduction due to lower enrolment.

The revised estimates are prepared relatively early in the school year. Continuing with past practice, a conservative approach has been adopted when estimating

the revenues and expenses shown. The approach limits revenue estimates to the lower value of anticipated cash inflows while the expenses use the higher end of cost estimates. The approach generally presents a worst case scenario and history shows that the District's actual results tend to be better than reported in the revised estimates.

The revised estimates anticipate the use of \$28.1 million of accumulated surplus to support operations. Much of the growth in the deficit is attributable to lower user fee revenues.

KEY CONSIDERATIONS:

3. In August 2020, the Board approved the 2020-2021 Budget authorizing expenses totaling \$1,014.2 million. Funding of the expenses was provided through grants and other revenues totaling \$996.5 million. This would result in a planned deficit of \$17.7 million.

The District's 2020-2021 Revised Estimates provide for expenses of \$1,020.9 million, revenues of \$992.8 million and a planned deficit of \$28.1 million. Table 1 compares the anticipated deficit reflected in the revised estimates with the amount originally budgeted.

Table 1 – Comparison of Revised Estimates and Budget

	Revised Estimates	Budget	Change	Change
	\$	\$	\$	%
Revenues	992,797,409	996,537,510	(3,740,101)	(0.4)
Expenses	1,020,895,262	1,014,191,165	6,704,097	0.7
Deficit	(28,097,853)	(17,653,655)	(10,444,198)	

Changes to revenues and expenses since the approval of the 2020-2021 Budget are expanded upon in Appendix A - Analysis of Changes in Revenues and Expenses. Costs by program area for the current and prior year are presented in Appendix B - Comparative Summary of Operating Expenses by Program Area. Additional detail regarding grants is provided in Appendix C - Grants for Student Needs and a list of special purpose grants is provided in Appendix D - Priorities and Partnerships Fund and Other Deferred Revenues.

4. Enrolment Estimates and Grants

The 2020-2021 Budget was developed using enrolment estimates established in early 2020. Average daily enrolment (ADE) levels have a direct impact on funding and also affect related instructional expenses. The approved budget reflected ADE of 50,894 for elementary and 23,460 for secondary (excluding high credit and adult day school enrolment).

The COVID-19 pandemic has had a significant effect on enrolment. The revised elementary ADE for 2020-2021 is 49,237 students which is a decrease of 1,657 students (3.3%) from the approved budget. Secondary day school enrolment ADE is projected to be 23,166 students which is a decrease of 294 students (1.3%) from the approved budget.

As previously mentioned, enrolment has a direct impact on various grants and in particular the Pupil Foundation Grant (PFG). This grant applies to students of the District under 21 years of age and excludes high credit and adult day school ADE. Table 2 shows that the District's PFG is \$11.5 million less than budgeted. The amount reflects decreased elementary and secondary enrolment.

Table 2 – Effect of Decreased Average Daily Enrolment on Pupil Foundation Grant

	Enrolment (Pupils of the Board)			Pupil Foundation Grant		
	Revised Estimates	Approved Budget	Change	Revised Estimates	Approved Budget	Change
Elementary	49,237	50,894	(1,657)	\$ 270,771,393	\$ 280,580,230	\$(9,808,837)
Secondary	23,166	23,460	(294)	134,772,904	136,481,192	(1,708,288)
Total	72,403	74,354	(1,951)	405,544,297	417,061,422	(11,517,125)

Other allocations that comprise the GSN are affected by changes in enrolment and student demographics, those with the more significant changes are identified on Appendix A. Notably, the lower enrolment has resulted in the District once again qualifying for the declining enrolment allocation.

One grant that shows significant growth is the Indigenous Education grant. The District's grant is comprised of a base amount to support the Board's action plan on Indigenous education, a per pupil amount reflective of the enrolment of Indigenous students and an Indigenous studies amount which provides funding based on student enrolment in qualifying secondary panel courses. The \$1.1 million increase in funding relates to Indigenous studies where 2,867 pupil credits are anticipated as compared to the 1,900 pupil credits assumed during budget development. The increase is attributable to enrolment in compulsory English credit courses which qualify for the supplemental funding.

Special mention must be made regarding the Cost Adjustment and Teacher Qualifications and Experience grant. The grant is used to provide funding for teacher compensation relative to the provincial benchmark that is used in the PFG. It also provides funding to cover the Ministry's contributions to employee life and health trusts (ELHT). The grant shows an increase of \$1.6 million relative to the budget. The increase is comprised of two amounts:

- A \$679,726 increase in the teacher qualifications and experience allocation. The 2020-2021 Budget assumed that the qualifications and experience of teachers would result in lower average compensation costs for the District. The revised estimates reflect the actual placement of teachers on the salary grid as at 31 October 2020. The change reflects a modest increase in average costs; and
- A \$928,484 increase in ELHT funding reflective of the staff complement and funding benchmarks used to fund employee benefit costs.

In recognition of the significant decrease in anticipated enrolment shown in the revised estimates and the resulting GSN funding shortfall, the Ministry announced that it would provide a GSN Stabilization grant. This grant tops-up the GSN enrolment-generated funding shown in the revised estimates. The effect of the grant is to provide overall GSN funding in line with that expected using the enrolment originally budgeted. This grant provides an additional \$15.3 million. The grant is separately identified on Appendix A, but it is one of the Priorities and Partnerships Fund (PPF) grants discussed in Section 5.

Appendix C compares the GSN with the approved budget and reflects the effect of revenue deferrals. GSN funding, exclusive of the GSN Stabilization grant, is expected to decrease by \$15.2 million. The additional revenue relating to minor tangible capital assets (MTCA) is discussed in Section 14.

5. **Priorities and Partnerships Fund Grants and Other Deferred Revenues**

In addition to GSN funding, the District receives special funding which targets Ministry priorities. The grants are termed PPF grants and the funding received must be used for the specified purpose. Amounts not spent are recovered by the Ministry or, if the funding agreements permit, are carried forward for use in the subsequent year. In recent years, the Ministry has announced the majority of PPF grants at the same time as the GSN; however, it is common practice to receive additional funding throughout the school year.

The District initially reports PPF grants as deferred revenue. Revenue from the grants is recognized in an amount equal to the associated expense. Certain grants from other ministries and non-government organizations are treated in a similar manner and, for this analysis, are also reported alongside the PPF grants.

A significant increase in funding from PPF grants and other deferred revenues is shown in the revised estimates. The increase, exclusive of the GSN Stabilization grant referenced in Section 4, is \$12.8 million.

Appendix D presents the amounts originally budgeted and the in-year changes. Total PPF grants and deferred revenues anticipated during the year total \$40.4 million. The spending impacts are reflected in the changes shown in subsequent sections.

It is important to highlight that PPF grants are temporary, and often project-based, meaning that the funding may not be received in subsequent years. Although the grants may require the creation of a position, they quite often are used to purchase goods and services or to pay for casual staff to backfill established positions while employees participate in identified priorities. That said, the COVID-related grants have added significant temporary staffing to support students in the classroom and to promote a healthy workplace.

6. **Compensation-Related Instruction Costs**

Compensation-related instruction costs are those incurred in meeting the needs of students in the classroom. Examples of staff whose costs are reported in the Instruction category include classroom teachers, school-based administrators, learning consultants and professional and support staff such as psychologists, educational assistants (EAs) and early childhood educators (ECEs).

The forecast of compensation-related instruction costs shows that an overall increase of \$8.2 million is likely in comparison to the 2020-2021 Budget. A number of factors have contributed to this net cost pressure:

- Increase of \$2.3 million resulting from the realignment of supplemental COVID grants that had originally been reported as a non-operating cost in the approved budget;
- Additional COVID-support grants totalling \$7.8 million which have been identified to support additional elementary teachers, virtual school administration and additional student supports and supervision;
- Additional Board-funded COVID-support costs of \$2.9 million for elementary teachers to support virtual schools and in-person instruction;
- Savings of \$4.3 million resulting from reduced secondary enrolment and optimization of class sizes; and
- Net other savings of \$557,176.

7. **Teacher Absences**

Occasional teachers (OTs) provide coverage when teachers are absent due to illness or to attend medical appointments. In addition, OTs provide coverage when teachers are attending certain professional development and student support activities on a school day.

For the revised estimates, the District has assumed supply teaching costs of \$23.4 million, which is \$6.0 million more than budgeted. Of this pressure, \$4.6 million has been identified as being the potential cost of absences and of the incremental needs resulting from pandemic-related safety protocols.

It is important to note that OTs are also used to staff vacant contract teaching positions, but that such costs are reported in the Instruction category.

OT use will continue to be monitored as will the continued promotion of a healthy workplace that fosters employee well-being and improved student outcomes. Monitoring will also help differentiate between COVID and non-COVID costs.

8. **International Students**

The Ottawa-Carleton Education Network (OCENET) is a not-for-profit organization that offers international students the opportunity to learn alongside the District's students. OCENET helps prospective students to submit their applications and fees and also supports their transition into the school and community. Fees collected cover OCENET's administrative costs and approximately 60% of the fee is remitted to the District. The percentage is an estimate of the amount of tuition fees necessary to support instruction-related costs.

The District's 2020-2021 Budget reflected revenue of over \$7.3 million based on 454 students. The revised estimates reflect anticipated revenue of just over \$6.4 million based on 363 students. Reduced enrolment of 91 students accounts for a \$1.1 million revenue decrease. The decrease in revenue as a result of reduced

enrolment is partially offset by an anticipated increase of \$231,100 in payments from OCENET to cover facility costs.

Administrative fees paid to OCENET by the District are reported as a fee in the Instruction category. These costs are expected to increase by \$209,234 to \$2.7 million.

9. Other Instruction-Related Costs

Other instruction-related costs are those that are not specifically identified elsewhere in the report, but which form part of the overall spending classified as Instruction. It is common practice to combine the spending reported under the Staff Development, Supplies and Services category with the Fees, Contractual and Rentals category. Combining the categories recognizes that the budget traditionally does not align with the ultimate reporting of costs.

On a combined basis, the costs represent an overall increase relative to the budget of \$501,890.

The largest contributor to the increase is the realignment of \$528,561 provided by a supplemental COVID grant which will be used to support technology costs. The grant had originally been reported as a non-operating cost in the approved budget. This amount was offset by various adjustments in arriving at the reported increase.

10. Student Transportation

Transportation of the District's students is provided by the Ottawa Student Transportation Authority (OSTA). Amounts reflected in the 2020-2021 Budget were based on information received from OSTA. The estimates have been updated and costs are expected to be \$5.0 million less than budgeted. There are two components to this net cost decrease:

- \$6.9 million in savings resulting from lower transportation costs in both large and small bus contracts as well as a reduced need for student transit passes. This change reflects the pandemic's impact on transportation decisions for students attending in-person learning and the effect of virtual schools; and
- \$1.9 million increased spending capacity provided by a COVID-support grant. The grant is intended to address increased costs relating to bus drivers, cleaning, and protective equipment. Full utilization is assumed.

Transportation expenses of \$41.9 million are shown in the revised estimates.

11. Facility Operations

Spending on school facilities represents the largest operating cost category outside of the instruction envelope. Projected compensation costs have remained relatively stable and show a \$2.7 million increase, all of which is the result of the realignment of COVID grants that had been shown as a non-operating cost and the additional spending capacity provided by grants announced after the approval of the budget.

Non-compensation costs have increased by close to \$5.4 million. The significant contributors to this amount include the following increases:

- The realignment of \$510,786 in supplemental COVID grants that had originally been reported as a non-operating cost in the approved budget;
- \$1.7 million to enhance classroom ventilation to reduce possible infections as a result of the COVID-19 virus lingering in an airborne state;
- \$866,670 to support the acquisition of additional supplies and equipment to promote a healthy learning and working environment;
- \$1.1 million for additional costs to relocate portables during the year; and
- \$1.2 million for additional school renewal maintenance needs such as roof and floor repairs, masonry work and supporting consulting services.

A review of the costs in this area may provide an opportunity to reduce the projected deficit. For example, school renewal projects may be deemed to be operating or capital expenses depending on the nature of the work. Changes to the work plan to ensure that more of the planned projects qualify as a capital expense will relieve the anticipated increase in operating costs and make greater use of capital funding allocations.

12. **Other Non-Instruction Costs**

Other non-instruction costs relate to the activities of the Continuing Education department and central administrative departments.

Continuing Education programs are supported by specific funding, including funding from the federal government and various government ministries. Compensation costs shown in the revised estimates are \$226,756 less than budgeted while supplies and services costs remain unchanged.

Central departments show increased compensation costs of \$292,888 as a result of actuarial estimates of employee future benefit costs while supplies and services costs have increased by \$50,000 to support increased translation needs.

The realignment of \$5.2 million in supplemental COVID grants that had been reported as a non-operating cost in the approved budget is also part of the net non-compensation cost reduction.

13. **Deferred Capital Contributions and Amortization Expenses**

Funding received for the purpose of acquiring or developing a depreciable tangible capital asset is termed a deferred capital contribution (DCC). Such contributions are recognized as revenue at the same rate as the related tangible capital asset is amortized into expense. Straight-line amortization is based on the remaining service life (RSL) of the asset.

In addition to the contributions discussed above, certain capital projects are supported internally through the use of the District's accumulated surplus. Internally supported tangible capital assets are amortized into expense in the same manner as those supported by contributions from others, but there is no

related revenue. Examples of such assets are new portables and major improvements to administrative buildings.

Various capital projects will be completed and a variety of capital assets will be acquired during the year. In addition, adjustments to incorporate prior year actual results are reflected. These items increase the net value of the tangible capital assets managed by the District. In accordance with accounting requirements, the amortization of an asset's value commences immediately upon completion of the capital project. This has a direct impact on both revenues and expenses.

The approved budget projected amortization expenses of \$56.8 million and related revenues of \$56.1 million. The revised estimates show \$56.2 million in expenses which is supported by \$55.8 million in revenues. Expenses have decreased by \$518,930 and revenues have decreased by \$312,655.

14. **Minor Tangible Capital Assets**

A portion of the annual GSN is budgeted for the acquisition of MTCA such as furniture, equipment and computers. If the funds are not required for capital purposes, they are reported as operating revenue and support overall operating costs. In total, \$969,383 previously identified as operating revenue will instead be set aside for the acquisition of MTCA.

The revised estimates also reflect the anticipated use of \$1.8 million of the accumulated surplus to support capital investments in new classroom portables and for upgrades at the 133 Greenbank Road Administration Building and the Confederation Education Centre. The use of accumulated surplus for these investments is compliant with Ministry requirements, but it does not directly affect the amounts reported in the operating analysis because they are reported as a capital expense. Requests to proceed with underlying projects and the use of accumulated surplus will be submitted for approval according to Board policy.

15. **Extended Day Program**

The Extended Day Program (EDP) commenced operations in 2010. Significant growth in the program ensued and it now operates District-run programs in 66 schools and, prior to the pandemic, served approximately 5,500 children. The program is closely tied to the operations of the District's kindergarten programs. In fact, ECEs who staff the EDP, before and after school, also partner with teachers during the core day to provide the kindergarten program.

Participation in the program continued to be strong prior to the pandemic. Unfortunately, a significant decrease in the number of students attending the program has occurred following the outbreak and this has continued into the current year. The program is currently operating with approximately 1,400 students representing 25% of pre-pandemic participation rates. The reduction in student participation, including lower participation on days where full care is provided, has substantially contributed to the reduction in program revenues. The projected revenue decrease would have been higher in the absence of the COVID-support grants totaling \$2.5 million.

Costs of the program have also changed, but not in direct proportion to the decrease in revenues. A net decrease in compensation costs totaling \$5.0 million

is anticipated. The savings are a direct result of lower demand, but are also influenced by mandated staffing levels and program operation.

The budget for supplies and services has also decreased by \$665,912 or 35%. Again, the lower participation rates have reduced the costs of program supplies, including the expenses associated with snacks.

Table 3 shows the original budget and revised estimates by category. The program is expected to have a large deficit for the year in the absence of additional support. To that end, staff continues to work with the Ministry and the City of Ottawa to obtain financial sustainability funding determined in the same manner as last year. This funding would substantially reduce or eliminate the projected deficit.

Table 3 – Extended Day Program Comparative Amounts

	Revised Estimates	Budget	Change
	\$	\$	\$
Revenues			
Direct Revenues	6,683,063	17,888,719	(11,205,656)
Benefit Trust Allocation	393,174	598,665	(205,491)
	7,076,237	18,487,384	(11,411,147)
Expenses			
Compensation	11,544,378	16,536,002	(4,991,624)
Administrative Transfers (Comp)	588,144	588,144	-
Supplies and Services	360,590	1,026,502	(665,912)
Facility Transfers (Supplies)	333,573	333,573	-
	12,826,685	18,484,221	(5,657,536)
Surplus (Deficit)	(5,750,448)	3,163	(5,753,611)

The revenue decrease shown includes a \$205,491 reduction relating to the internally allocated funding provided by the Ministry to defray employee benefit costs. Actual funding is received through the GSN.

A comprehensive analysis of the costing methodology and participation rates was recently completed. The information was used in determining the recommended fees presented in Report 21-015, Extended Day Program and Infant, Toddler, Preschool Program Daily Fee Rates for the 2021-2022 School Year.

16. **Child Care Program**

The Infant, Toddler and Preschool (ITP) program operates at two sites and provides 96 licensed child care spaces.

The ITP program is eligible for general operating (GO) funding. GO funding is the grant provided to licensed not-for-profit child care programs by the City of Ottawa and covers direct operating, pay equity, and wage enhancement grants. The program also derives revenue from user fees and child care subsidies.

Table 4 shows the original budget and revised estimates by category. Similar to the EDP challenges, the revenues and expenses have both been updated to reflect the impact of reduced participation following the outbreak of the pandemic. Currently, 67 children are receiving services which accounts for the revenue loss. The District is also pursuing additional financial sustainability funding to support the program.

Table 4 – Child Care Program Comparative Amounts

	Revised Estimates	Budget	Change increase (decrease)
	\$	\$	\$
Revenues			
Direct Revenues	1,439,653	1,791,000	(351,347)
Benefit Trust Allocation	47,432	-	47,432
	1,487,085	1,791,000	(303,915)
Expenses			
Compensation	1,890,508	1,913,527	(23,019)
Supplies and Services	125,000	135,000	(10,000)
	2,015,508	2,048,527	(33,019)
Deficit	(528,423)	(257,527)	270,896

The revenue decrease shown is partially offset by \$47,432 relating to the internally allocated funding provided by the Ministry to defray employee benefit costs. Actual funding is received through the GSN.

17. Benefit Plan Surplus and Other Net Revenue Adjustments

The 2020-2021 Budget reflected a provision of over \$3.2 million relating to the return of surplus funds that had been held by the District's former employee benefits plan administrator to support benefit claims during the transition to ELHTs. The revised estimates reflect that only \$2.4 million is expected which is a decrease of \$825,000. The reduction reflects the surplus sharing provisions that were incorporated into the centrally-bargained collective agreements. The employee share of the surplus will be distributed to respective ELHTs.

CUS oversees the public's after-hours use of school facilities such as gymnasiums and sports fields. The pandemic has resulted in a significant revenue loss as a result of the cancellation of these activities and revenues are expected to be \$2.7 million less than expected.

Other net revenue adjustments account for a revenue decrease of \$264,236. The reduction is primarily the result of lower participation in the Language Instruction for Newcomers to Canada (LINC) program and the refinement of revenue estimates.

18. Accumulated Surplus

An accumulated surplus is the excess of revenues over expenses that has resulted over time.

The *Education Act* allows the Board to use its accumulated surplus to balance its operating budget, but it also restricts the use in any school year to 1% of the operating grants provided by the Ministry. For the 2020-2021 Revised Estimates, this amount is \$8.7 million. However, the Ministry has allowed the use of an additional 1% to respond to COVID-related needs. Approval to use accumulated surplus in excess of 2% must be obtained from the Ministry.

Table 5 presents the components of accumulated surplus and shows the anticipated use of \$28.1 million and the proposed alignment of accumulated surplus at the end of the year.

Table 5 – Accumulated Surplus Available for Compliance

	Projected as at 31 Aug 2021	Actual as at 31 Aug 2020	Change increase (decrease)
	\$	\$	\$
Available for compliance			
Restricted-committed capital	9,265,435	7,950,687	1,314,748
Internally appropriated			
Extended Day Program	(5,601,161)	677,710	(6,278,871)
Budgets carried forward	-	3,938,107	(3,938,107)
Business Systems	500,000	2,000,000	(1,500,000)
Contingencies	5,000,000	17,200,000	(12,200,000)
Unappropriated	2,510,181	8,005,804	(5,495,623)
	11,674,455	39,772,308	(28,097,853)

The District is not compliant with Ministry requirements as a result of the pandemic's impact on revenues, particularly the revenue shortfalls relating to CUS and the Extended Day and Child Care programs. The Ministry is aware of the current projected deficit and is continuing its review of the information submitted by the District.

19. **In-Year Deficit Elimination Plan**

The Ministry's requirement for the Board to approve a deficit elimination plan when a district is projecting an adjusted in-year deficit has been waived for this year. Despite this exemption, staff continues its work to ensure that the proposed deficit spending continues to be supported by the Ministry. As part of the ongoing efforts, the District is looking to secure additional funding to defray lost revenues, maximize the use of PPF grants, and to minimize or defer discretionary expenses, where appropriate.

Any reduction in the projected deficit will have a beneficial effect on the financial resources held as accumulated surplus. A higher balance in these reserves will provide more flexibility when responding to challenges in the coming years.

20. **Summary**

The District's 2020-2021 Revised Estimates include the impact of net enrolment changes and funding stabilization supports, changes in staffing and other costs supported by targeted COVID-response grants, and reductions in revenues relating to a number of programs including EDP, ITP, CUS and OCENET.

The revised estimates show expenses of \$1,020.9 million, revenues of \$992.8 million and a projected deficit of \$28.1 million.

RESOURCE IMPLICATIONS:

21. The District's 2020-2021 Budget showed a planned deficit of \$17.7 million. The District's 2020-2021 Revised Estimates show a planned deficit of \$28.1 million. The deficit is not compliant with the Ministry's budget compliance framework; however, staff continues its work to further reduce the deficit and to ensure that the proposed spending continues to be supported by the Ministry.

COMMUNICATION/CONSULTATION ISSUES:

22. The 2020-2021 Revised Estimates were prepared by Finance staff in consultation with other departments.

STRATEGIC LINKS:

23. The 2019-2023 Strategic Plan calls for the development of a culture of social responsibility with the stated goal of fostering "progressive stewardship of the environment, and human and financial resources." Development and approval of an annual budget is a key component of strong governance and financial stewardship. Monitoring actual performance in relation to the Board's approved budget allows staff to identify opportunities to reallocate resources to address emerging needs and to respond to changes in revenue streams and expense patterns.

GUIDING QUESTIONS:

24. The following questions are provided to support the discussion of this item:
 - Does the analysis explain the significant changes in revenues and expenses?
 - Are steps being taken to mitigate adverse financial impacts and to leverage opportunities that were identified during the preparation of the analysis?

Mike Carson
Chief Financial Officer

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

Appendices:

Appendix A – Analysis of Changes in Revenues and Expenses
 Appendix B – Comparative Summary of Operating Expenses by Program Area
 Appendix C – Grants for Student Needs
 Appendix D – Priorities and Partnerships Fund and Other Deferred Revenues

	Report Reference	Revised Estimates
		\$
Planned Deficit in Original Estimates		(17,653,655)
Revenues Increase (Decrease)		
Grants for Student Needs		
Pupil Foundation	4	(11,517,125)
School Foundation	4	(1,107,968)
Special Education	4	(2,324,690)
Language	4	(2,492,400)
Learning Opportunity	4	(948,437)
School Operations	4	(1,873,446)
Indigenous Education	4	1,141,828
Cost Adjustment and Qualifications and Experience	4	1,608,210
Transportation	4	(410,555)
Minor Tangible Capital Assets	4,14	(969,383)
Declining Enrolment	4	3,547,090
Net Other (ECE Cost, NTIP, Program Leadership, etc.)	4	97,224
		(15,249,652)
Other Revenue		
Priorities and Partnerships Fund GSN Stabilization Grant	4,5	15,314,728
Priorities and Partnerships Fund and Other Deferred Revenues	5	12,781,395
International Student Fees (OCENET)	8	(911,350)
Amortization of Capital Assets	13	(312,655)
Extended Day Program	15	(11,205,656)
Child Care Program	16	(351,347)
Share of Former Employee Benefits Plan Surplus	17	(825,000)
Property Leases and Short-Term Rentals	17	(2,716,328)
Other Net Revenue Adjustments	17	(264,236)
		11,509,551
Total Decrease in Revenues		(3,740,101)
Expenses (Increase) Decrease		
Compensation Costs		
Compensation-Related Instruction Costs	6	(8,205,476)
Teacher Absences	7	(6,000,000)
Facilities	11	(2,694,002)
Other Non-Instruction	12	(66,132)
Extended Day Program	15	4,991,624
Child Care Program	16	23,019
		(11,950,967)
Non-Compensation Costs		
International Student Fees (OCENET)	8	(209,234)
Other Instruction	9	(501,890)
Student Transportation	10	4,998,897
Facilities	11	(5,359,294)
Other Non-Instruction	12	5,123,549
Amortization of Capital Assets	13	518,930
Extended Day Program	15	665,912
Child Care Program	16	10,000
		5,246,870
Total Increase in Expenses		(6,704,097)
Projected Deficit	18	(28,097,853)

Ottawa-Carleton District School BoardComparative Summary of Operating Expenses by Program Area
2020-2021 Revised EstimatesAppendix B
to Report 21-012

In \$ Millions EXPENSE CATEGORY	2020-21						2019-20					
	Budget	Revised Estimates	YTD Dec 2020	Year End Forecast	Variance		Budget	Revised Estimates	YTD Dec 2019	Year End Actual	Variance	
					Revised minus Budget	Change from Budget					Revised minus Budget	Change from Budget
Instruction												
Salaries and Benefits	686.6	694.8	228.4	694.8	8.2	1.2%	658.8	657.4	206.7	658.2	(0.6)	-0.1%
Salaries and Benefits (Occasional Teachers)	17.4	23.4	10.3	23.4	6.0	34.5%	17.0	18.0	8.3	17.7	0.7	4.2%
Staff Development, Supplies and Services	30.1	30.5	12.3	30.5	0.4	1.5%	27.3	27.4	11.0	16.4	(10.8)	-39.8%
Fees, Contractual and Rentals	8.4	8.6	4.2	8.6	0.3	3.2%	10.4	10.4	4.5	13.1	2.7	26.2%
Instruction Sub-Total	742.3	757.2	255.2	757.2	14.9	2.0%	713.5	713.3	230.5	705.5	(8.0)	-1.1%
Continuing Education												
Salaries and Benefits	10.0	9.7	2.7	9.7	(0.2)	-2.3%	10.7	10.5	3.0	10.1	(0.6)	-5.6%
Staff Development, Supplies and Services	0.5	0.5	0.1	0.5	-	0.0%	0.5	0.6	0.2	0.3	(0.2)	-46.4%
Fees, Contractual and Rentals	0.5	0.5	0.2	0.5	-	0.0%	0.5	0.5	0.2	0.4	(0.1)	-17.0%
Continuing Education Sub-Total	10.9	10.7	3.0	10.7	(0.2)	-2.1%	11.6	11.5	3.3	10.7	(0.9)	-7.9%
Transportation												
Salaries and Benefits	1.3	1.3	0.6	1.3	0.0	0.0%	1.2	1.2	0.5	1.4	0.2	13.4%
Staff Development, Supplies and Services	0.5	2.3	0.3	2.3	1.9	408.1%	0.4	0.4	0.2	0.4	(0.0)	-2.3%
Fees, Contractual and Rentals	45.1	38.3	22.3	38.3	(6.9)	-15.2%	44.5	44.5	17.7	38.4	(6.0)	-13.6%
Transportation Sub-Total	46.9	41.9	23.2	41.9	(5.0)	-10.7%	46.0	46.1	18.4	40.2	(5.9)	-12.8%
School Facilities												
Salaries and Benefits	54.2	56.9	16.9	56.9	2.7	5.0%	51.6	51.8	17.3	52.3	0.7	1.4%
Staff Development, Supplies and Services	26.4	29.5	8.8	29.5	3.1	11.6%	24.9	25.4	8.9	23.3	(1.5)	-6.2%
Fees, Contractual and Rentals	9.0	9.0	6.7	9.0	-	0.0%	8.5	10.0	7.1	8.4	(0.1)	-0.8%
Other/Temporary Pupil Accommodation	1.9	3.0	0.8	3.0	1.1	56.9%	1.9	3.0	1.0	2.5	0.6	31.5%
Interest Charges on Capital	4.1	4.1	2.1	4.1	-	0.0%	4.3	4.3	2.2	4.3	-	0.0%
School Facilities Renewal Expense	5.1	6.3	7.1	6.3	1.2	23.8%	5.1	5.7	8.6	6.3	1.2	23.7%
School Facilities Sub-Total	100.7	108.7	42.3	108.7	8.1	8.0%	96.3	100.1	45.2	97.2	0.9	0.9%
Central Administration												
Salaries and Benefits	17.7	18.0	5.8	18.0	0.3	1.7%	17.2	17.4	5.8	17.9	0.6	3.6%
Staff Development, Supplies and Services	2.1	2.1	2.8	2.1	-	0.0%	2.1	2.1	1.2	3.1	1.0	48.0%
Fees, Contractual and Rentals	1.8	1.9	0.5	1.9	0.1	2.8%	2.1	1.9	0.6	1.2	(0.8)	-39.5%
Central Administration Sub-Total	21.6	21.9	9.1	21.9	0.3	1.6%	21.4	21.5	7.6	22.3	0.8	3.9%

Ottawa-Carleton District School BoardComparative Summary of Operating Expenses by Program Area
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In \$ Millions EXPENSE CATEGORY	2020-21						2019-20					
	Budget	Revised Estimates	YTD Dec 2020	Year End Forecast	Variance		Budget	Revised Estimates	YTD Dec 2019	Year End Actual	Variance	
					Revised minus Budget	Change from Budget					Revised minus Budget	Change from Budget
Other												
Extended Day Program Compensation	17.1	12.1	4.2	12.1	(5.0)	-29.1%	16.3	15.2	4.7	15.1	(1.2)	-7.5%
Extended Day Program Supplies/Int Svcs	1.4	0.7	0.2	0.7	(0.7)	-49.0%	1.4	1.1	0.2	0.7	(0.6)	-45.4%
Child Care Program Compensation	1.9	1.9	0.6	1.9	(0.0)	-1.2%	1.9	1.9	0.5	1.8	(0.1)	-3.9%
Child Care Program Supplies/Int Svcs	0.1	0.1	0.1	0.1	(0.0)	-7.4%	0.1	0.1	0.0	0.1	(0.1)	-55.1%
Recoverable Compensation (Secondments)	6.6	6.6	2.9	6.6	-	0.0%	7.3	7.3	2.3	6.8	(0.5)	-6.8%
COVID Response, Legal Provisions	5.4	0.2	-	0.2	(5.2)	-96.3%	-	-	-	0.2	0.2	n/a
Fifty-Five Board Trust (Capital and Interest)	2.5	2.5	-	2.5	-	0.0%	2.5	2.5	-	2.5	-	0.0%
Other Sub-Total	35.0	24.2	8.0	24.2	(10.9)	-31.0%	29.5	28.1	7.7	27.2	(2.3)	-7.8%
Amortization												
Ministry Approved Projects	56.1	55.8	18.8	55.8	(0.3)	-0.6%	61.8	56.9	15.3	50.7	(11.0)	-17.9%
Board Approved Projects	0.7	0.5	0.2	0.5	(0.2)	-31.2%	0.1	0.4	0.2	0.3	0.2	302.4%
Amortization Sub-Total	56.8	56.2	18.9	56.2	(0.5)	-0.9%	61.8	57.2	15.5	51.0	(10.8)	-17.5%
Grand Total	1,014.2	1,020.9	359.8	1,020.9	6.7	0.7%	980.2	977.8	328.1	954.0	(26.2)	-2.7%

Finance 2021.01.20 (numbers may not add due to rounding)

	2020-21 Budget	2020-21 Revised Estimates	Revised Estimates minus Budget incr (decr)
	\$	\$	\$
Revenue			
Pupil Foundation	417,061,422	405,544,297	(11,517,125)
School Foundation	54,326,824	53,218,856	(1,107,968)
Special Education	103,140,937	101,284,253	(1,856,684)
Language	36,647,317	34,154,917	(2,492,400)
Rural and Small Community Allocation	197,694	197,694	-
Learning Opportunity	20,113,906	19,165,469	(948,437)
Adult Education, Continuing Education and Summer School	6,987,933	7,086,031	98,098
Cost Adjustment and Qualifications and Experience	79,153,040	80,761,250	1,608,210
ECE Qualifications and Experience Allocation	3,776,930	3,948,159	171,229
New Teacher Induction Program (NTIP)	675,500	569,709	(105,791)
Restraint Savings	(279,158)	(279,158)	-
Transportation	43,537,476	43,126,921	(410,555)
Administration and Governance	20,304,976	19,954,744	(350,232)
School Operations	79,947,129	78,073,683	(1,873,446)
Community Use of Schools	1,073,525	1,073,525	-
Declining Enrolment Adjustment	-	3,547,090	3,547,090
Indigenous Education Allocation	3,054,479	4,196,307	1,141,828
Mental Health and Well-Being (Safe and Accepting)	2,569,591	2,535,942	(33,649)
Supports for Students Fund	6,871,859	6,871,859	-
Program Leadership	998,303	998,303	-
Permanent Financing of NPF (Board 55 Trust)	2,523,115	2,523,115	-
Support for COVID-19 Outbreak Allocation	-	711,084	711,084
	<u>882,682,798</u>	<u>869,264,050</u>	<u>(13,418,748)</u>
Revenue Deferrals			
Minor Tangible Capital Assets (MTCA) Allocation	(22,067,070)	(21,731,601)	335,469
Rural and Northern Education Fund	(197,694)	(197,694)	-
Special Education	(103,140,937)	(101,284,253)	1,856,684
Library Staffing	(243,049)	(243,049)	-
Targeted Student Supports Envelope	(5,875,262)	(4,947,093)	928,169
Indigenous Education	(773,168)	(753,929)	19,239
Experiential Learning Envelope	(1,315,606)	(1,295,338)	20,268
Mental Health Workers Envelope	(576,656)	(576,656)	-
	<u>(134,189,442)</u>	<u>(131,029,613)</u>	<u>3,159,829</u>
Deferred Revenue Recognition and Adjustments			
Special Education	102,186,423	99,861,733	(2,324,690)
Library Staffing	243,049	243,049	-
Targeted Student Supports Envelope	5,875,262	4,947,093	(928,169)
Indigenous Education	773,168	753,929	(19,239)
Experiential Learning Envelope	1,315,606	1,295,338	(20,268)
Mental Health Workers Envelope	576,656	576,656	-
Minor Tangible Capital Assets (MTCA) Allocation	9,272,672	7,967,820	(1,304,852)
School Renewal (Operating)	5,087,333	5,087,333	-
Interest on Capital Projects	4,501,263	4,337,575	(163,688)
Temporary Accommodation (Portables)	1,228,470	1,228,470	-
Rural and Northern Education Fund	229,827	-	(229,827)
Trustees' Association Fee	43,316	43,316	-
	<u>131,333,045</u>	<u>126,342,312</u>	<u>(4,990,733)</u>
Total Operating and Capital Support GSN	<u>879,826,401</u>	<u>864,576,749</u>	<u>(15,249,652)</u>

	2020-21 Budget	Changes	2020-21 Revised Estimates
	\$	\$	\$
Priorities and Partnerships Fund			
General			
After School Skills Development	138,500	-	138,500
Austism Additional Qualification Subsidy	50,000	100,000	150,000
Autism Pilot Project	34,000	-	34,000
Physical Activity through Cricket Program (by Application)	12,500	-	12,500
First Nations, Metis & Inuit Studies	69,600	(69,600)	-
Focusing on Fundamental Mathematics	1,236,000	-	1,236,000
French as a Second Language	-	313,683	313,683
Graduation Coach Program (Pilot for Black Students)	224,162	-	224,162
Human Rights and Equity Advisor	170,430	-	170,430
Indigenous Graduation Coach	-	65,517	65,517
Mental Health and Well-Being	90,482	-	90,482
Parents Reaching Out	39,986	-	39,986
Specialist High Skills Major	367,548	(14,775)	352,773
Transportation Funding for Children and Youth in Care	192,193	-	192,193
	<u>2,625,401</u>	<u>394,825</u>	<u>3,020,226</u>
COVID-Related			
GSN 2 - Mental Health Supports (COVID)	198,891	(198,891)	-
GSN 1 - Allocation for Technology-Related Costs (COVID)	528,561	(528,561)	-
TPA 1 - Schedule C -Enhanced Cleaning Supplies	140,798	-	140,798
TPA 2 - Schedule B-Additional Mental Health Supports	198,891	144,876	343,767
TPA 2 - Schedule C-Special Education	265,217	144,875	410,092
TPA 3 - Project B1-Additional Custodial Staff	1,816,446	-	1,816,446
TPA 3 - Project B2-Health & Safety Training	369,988	-	369,988
TPA 3 - Project B3 (i)-Additional Teachers	1,301,325	-	1,301,325
TPA 3 - Project B4-Remote Learning	552,323	-	552,323
TPA 3 - Project B5-Additional Non-Permanent Teachers	-	2,147,532	2,147,532
TPA 3 - Project B6-Additional Funding for Remote Learning	-	1,089,445	1,089,445
TPA 3 - Project B7-School Reopening Emerging Issues	-	3,242,261	3,242,261
TPA 3 - Project B8-Funding for High Priority Areas	-	2,801,382	2,801,382
TPA 4 - Project B1-Ventilation	-	1,681,500	1,681,500
TPA 4 - Projects B2 and B3-Transportation	-	1,877,130	1,877,130
	<u>5,372,440</u>	<u>12,401,549</u>	<u>17,773,989</u>
GSN Stabilization Funding	-	15,314,728	15,314,728
	<u>5,372,440</u>	<u>27,716,277</u>	<u>33,088,717</u>
Total Priorities and Partnerships Fund	7,997,841	28,111,102	36,108,943
Other Deferred Revenues			
Literacy and Basic Skills (Advanced Education & Skills Dev)	832,665	(103,811)	728,854
English as a Second Language (Citizenship & Immigration)	1,707,817	35,000	1,742,817
Ottawa Network for Education (ONFE) Breakfast Program	601,926	(21,926)	580,000
Ontario Works	558,261	(42,190)	516,071
Ontario Early Years Child & Family Centre	563,952	12,948	576,900
CODE Summer Learning Program	-	105,000	105,000
	<u>4,264,621</u>	<u>(14,979)</u>	<u>4,249,642</u>
Total	<u>12,262,462</u>	<u>28,096,123</u>	<u>40,358,585</u>



OTTAWA-CARLETON
DISTRICT SCHOOL BOARD

2020-21 AUDIT COMMITTEE TRAINING

AGENDA

REGIONAL INTERNAL AUDITORS

EXTERNAL AUDITORS

REGULATION 361/10

REGIONAL INTERNAL AUDITORS

YOUR REGIONAL INTERNAL AUDIT TEAM



Genevieve Segu Regional Internal Audit Manager, bringing 20+ years of experience in the Public Sector and 8 years in the Ontario education sector, with the ministry and school boards.



Gord Champagne Sr. Internal Auditor with 30+ experience in auditing and accounting.



Pasquale L'orfano Internal Auditor with 12+ years in internal audit and with RIAT since its inception in 2010.



Portia Marcaida Internal Auditor with 17+ years of experience in the education sector.



REGIONAL INTERNAL AUDIT TEAM - STATS



- ❑ 8 RIAT teams – 72 School Boards
- ❑ Audit Committees - Regulation 361/10
(administration, powers, duties)
- ❑ 2 engagements per School Board each year
- ❑ A periodic Risk Assessment guides our work
(last one was 2014-15)
- ❑ Work for 9 School Boards, reports to their Audit Committee – no reporting to MOE

REGIONAL INTERNAL AUDIT TEAM - STRUCTURE

REPORT

- RIAMs/RIATs are school board employees, RIAMs report directly to and are accountable to each of the individual audit committees within the region.

ADMINISTRATION

- Administratively, RIAM has a dotted line relationship with the senior business official of the regional host board.

PROVINCE

- Currently 8 teams with 33 full-time internal auditors
- EDU funding - \$5 mil envelope

REGIONAL INTERNAL AUDIT TEAM - CYCLE

RISK

- Perform risk assessments every 4-5 years
- Identify main risks to each School Board

PLAN

- Align RIAT work with main risks identified
- Collaborate with Management and AC to design the plan

AUDIT

- Assurance: comparison to a standard
- Consulting: benchmarking and other more analytical work

FOLLOW

- Follow-up on each recommendation
- Inform AC of outstanding recommendations

RIAT - INTERNAL AUDIT DEFINITION

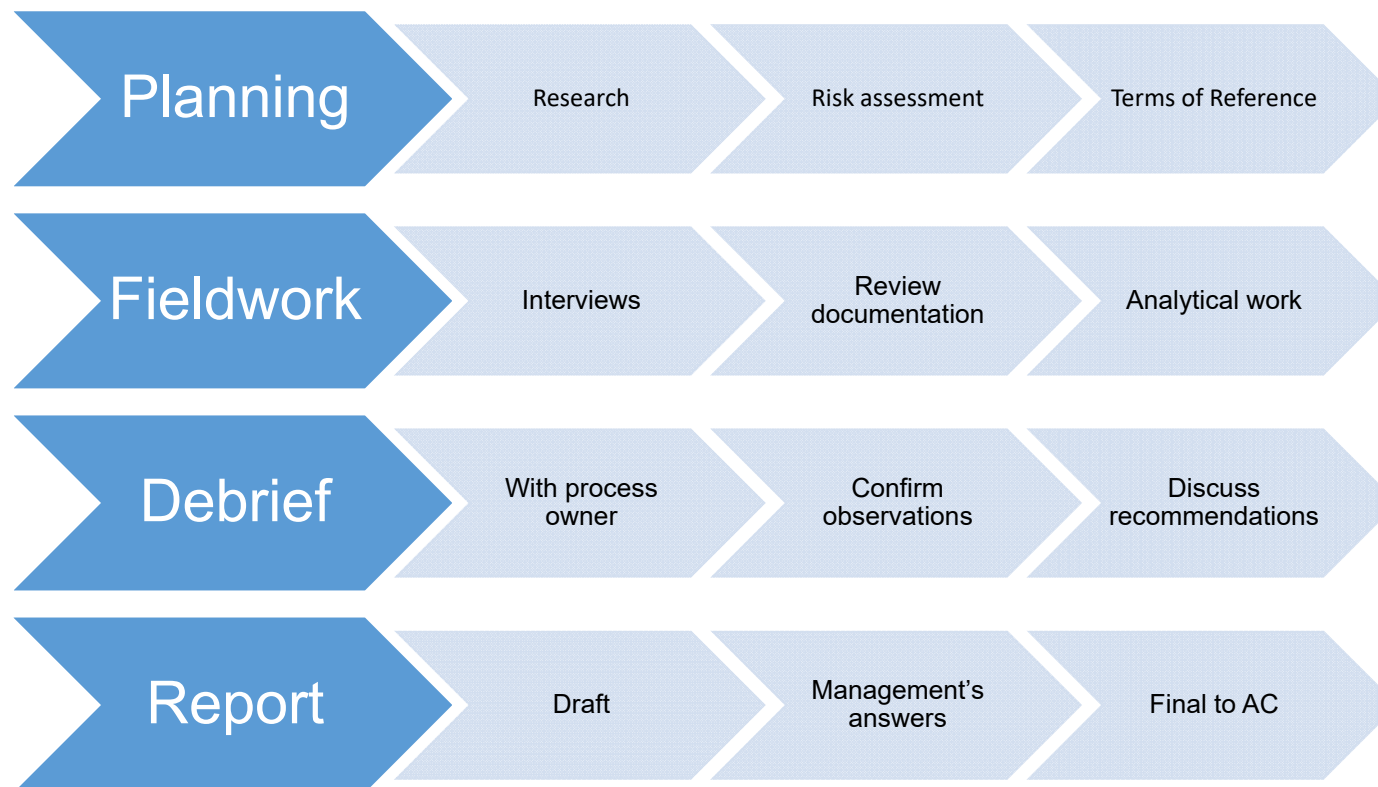
AC
OVERSIGHT

- Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the organization's operations.

HOW

- It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

RIAT - INTERNAL AUDIT PROCESS



RIAT - INTERNAL AUDIT REPORTING

Ranking states the severity of the observation	Medium	3 – Physical Security of IT Assets	Observation provides details and evidence of issue
	Observation	Failure to track who has access to the server room	
Impact provides examples of how risk can affect board	Impact	Unauthorized access to the network equipment is more likely to occur	Proposed solution to mitigate observed risk
	Recommendation	Introduce a swipe pass system	
Board official tasked with implementing recommendation	Process Owner	IT Manager	Response and timeline for implementation
	Action Plan	The Board will seek quotations for the introduction of a access management system	
	Due Date	Spring 2020	

RIAT – ASSURANCE AND CONSULTING WORK TO-DATE

Compensation, Pay,
Benefit

- 2011-12

AP Purchasing

- 2012-13

Manage Facilities
Operations

- 2013-14

School Generated
Funds

- 2014-15

School Generated
Funds

- 2015-16

Patch Management
(Consulting)

- 2015-16

Occupational Health
and Safety

- 2015-16

School Councils

- 2016-17

Continuing
Education

- 2016-17

Extended day
Program

- 2017-18

Records and
Information
Management

- 2017-18

Attendance Data
Visualization
(Consulting)

- 2019-20

Attendance Support
Program
(Consulting)

- 2019-20

EXTERNAL AUDITORS

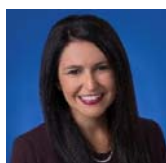
YOUR KPMG EXTERNAL AUDIT TEAM



Rob Clayton CPA, CA Audit Partner, bringing 15+ years of experience in the Public Sector, Regions East Leader of KPMG Canada's Education Practice and Leader of KPMG Ottawa's Public Sector Audit Practice.



Andrew Newman FCPA, FCA Quality Review Partner, with 25+ years of experience in the Public Sector, recently finished tenure as vice-Chair of the Public Sector Accounting Standards Board.



Rebecca Prophet Senior Manager with 10+ years of experience in the public sector, with a focus in the education sector.



REGULATION 361/10

AUDIT COMMITTEE – COMPOSITION (SECTION 3)

Members must be independent of management

Appropriate mix of skills and experience

Board members and non-board members

Number of members depends on size of the board

AUDIT COMMITTEE – IMPORTANT KNOWLEDGE

The board's mission and current significant issues

The board's structure, including key relationships

The board's culture

Any relevant legislation

Key risks and the government environment

AUDIT COMMITTEE – TERMS OF APPOINTMENT (SECTION 7)

Terms determined by the board, maximums apply

- Four year maximum term for Board Members
- Three year maximum term for Non-Board Members

Board by-laws create additional restrictions

AUDIT COMMITTEE – POWERS (SECTION 10)

Retain counsel, accountants, other professionals in an advisory capacity

Receive explanations from management, auditors and staff it deems necessary

Private sessions with external/internal auditor, board staff, with or without board staff

Request reports

Have access to all documents examined by internal/external auditors

AUDIT COMMITTEE – LEADING PRACTICES

AC to establish and communicate its information requirements

Information should be provided to the audit committee at least one week prior

AC members prepare for and participate in committee meetings

AC members can hold private sessions with management, the internal and external auditors

The Director, SBO and RIAT should attend all committee meetings

AUDIT COMMITTEE – DUTIES (SECTION 9)



AUDIT COMMITTEE – FINANCIAL REPORTING (SECTION 9(1))

Consolidated financial statements prepared in accordance with the Financial Administration Act:

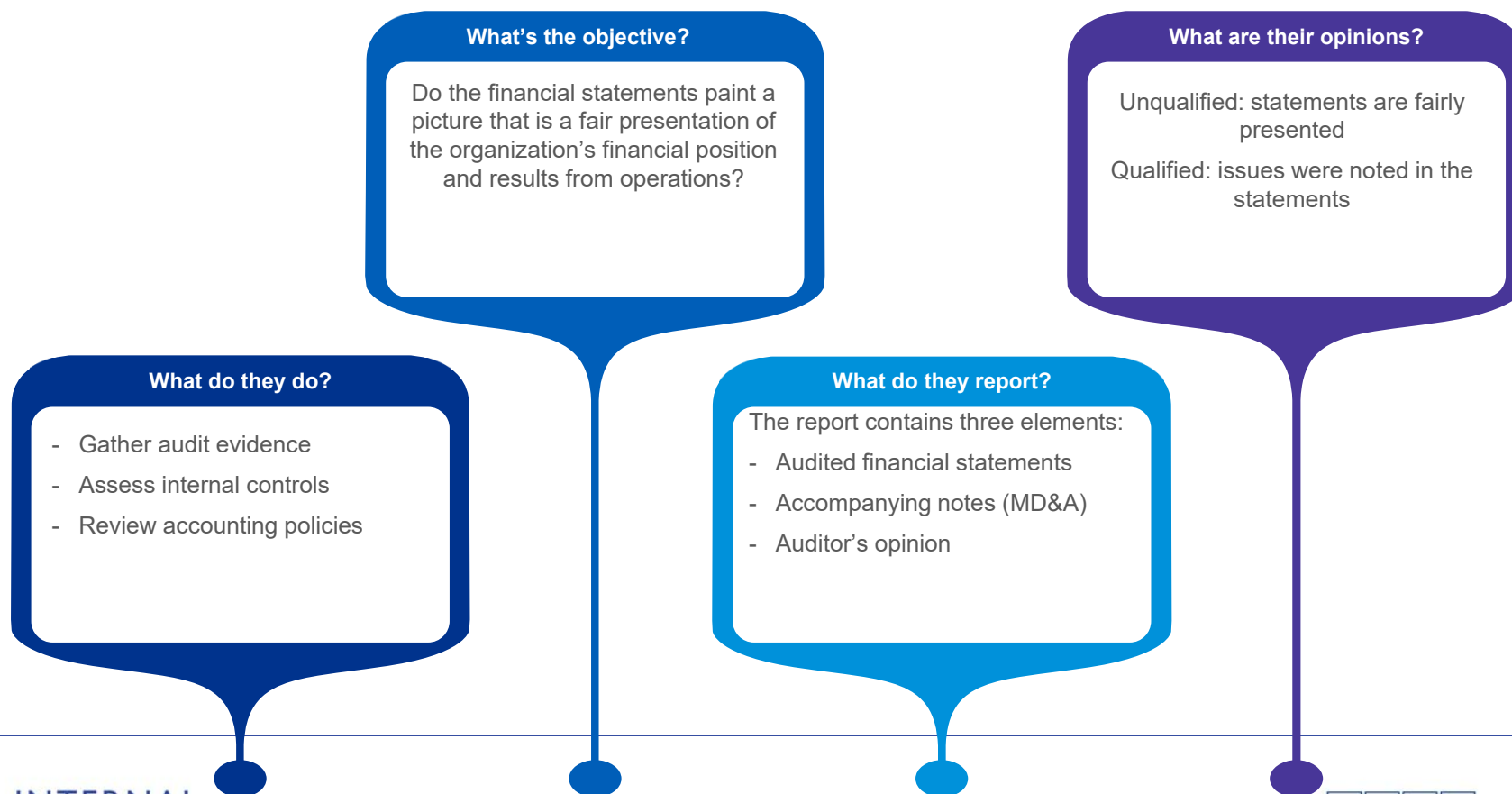
- Relevant accounting and reporting practices and issues;
- Complex or unusual financial and commercial transactions of the board;
- Material judgments and accounting estimates of the board; and
- Any departures from the accounting principles.

AUDIT COMMITTEE – FINANCIAL REPORTING

- Involvement of Audit Committee



AUDIT COMMITTEE – EXTERNAL AUDIT



INTERNAL
AUDIT TEAM



AUDIT COMMITTEE – FINANCIAL REPORTING (SECTION 9(1))

Review all materials from the external auditor including:

- External Auditor's role and responsibilities;
- Engagement letter and planning memo; and
- Changes to accounting standards.

Ask External Auditor about:

- Any restrictions or limitations on the scope;
- Access to required information;
- Any significant changes to the audit plan; and
- Any significant disagreements between the external auditor and the director of education or a senior business official and how those disagreements were resolved.

AUDIT COMMITTEE – AUDIT PLAN

Areas of audit risk	Our audit approach
Government grants, related accounts receivable, and deferred revenues	<ul style="list-style-type: none"> - Perform substantive analytical procedures over revenues and related accounts - Evaluate revenue recognition, revenue restrictions, deferral and presentation considerations - Vouch a selection of revenue transactions to supporting documentation to verify restrictions, if any - Direct confirmation of amounts received and receivable from the Ministry - For amounts receivable at year-end, we will inquire of management as to the collectability of the receivable balance.
Accounts payable and accrued liabilities, including non-payroll expenses	<ul style="list-style-type: none"> - Perform substantive analytical procedures over payables and non-payroll expenses - Significant accruals vouched to supporting documentation - Search for unrecorded liabilities - Evaluate completeness and valuation of the liability for contaminated sites, if any
Capital assets and deferred capital contributions	<ul style="list-style-type: none"> - Significant additions / disposals vouched to supporting documentation - Assessment of assets for write-down - Amortization / interest on long-term debt, and amortization of deferred capital contributions recalculated - Examination of supporting documentation related to restriction of funds intended for capital asset additions and treatment of proceeds from any disposed contributed assets
Cash, investments, and investment income	<ul style="list-style-type: none"> - Confirmation with third parties for cash and bank indebtedness - Review of bank reconciliations and vouch significant reconciling items to supporting documentation - Review of restrictions and disclosures
Long-term debt	<ul style="list-style-type: none"> - Confirmation of debt balances with third parties
Other fees and revenues	<ul style="list-style-type: none"> - Significant additions and disbursements vouched to supporting documentation - Ensure purpose-specific restrictions are recognized and accounted for appropriately

AUDIT COMMITTEE – EXTERNAL AUDIT PLAN

Relevant factors affecting our risk assessment

Areas of audit risk

Our audit approach

Complexity



Estimate



Related party transaction



Salaries and benefits, including the employee future benefit liability

- Test and evaluate design and operating effectiveness over controls related to payroll monitoring controls
- Significant payroll-related accruals recalculated and vouched to supporting documentation
- Perform substantive analytical procedures over salaries and benefits, and related accounts
- Receipt and analysis of the actuarial report to independently verify employee future benefit accruals
- We will review the assumptions used in the valuations and perform audit procedures on the underlying employee data provided to the actuary in the year of full valuation

School generated funds and school council funds

- Substantive testing including selecting a sample of expense and revenue transactions, obtaining supporting documentation
- Performing analytic procedures over expenses and revenue followed by discussion with management

Accumulated surplus

- Significant additions and disbursement vouched to supporting documentation
- Ensure purpose-specific restrictions are recognized and accounted for appropriately

Contingencies

- Review of Board of Trustee and Audit Committee meeting minutes and legal correspondence
- Direct communication with external legal counsel to ensure that all significant contingent liabilities are appropriately disclosed and/or recorded
- Significant findings reviewed with management

Financial reporting

- Review by the engagement team of the consolidated financial statements prepared by the Board's management to ensure the disclosure is consistent with current public sector accounting, disclosure requirements, as well as industry practice



AUDIT COMMITTEE – FINANCIAL REPORTING (SECTION 9(1))

AC reviews the financial statements & ask questions:

- Establish a variance tolerance (4-5%)
- Identify and query variances to budget and to prior year: Revenues, Expenses, Accumulated Surplus/Deficit (internally appropriated/externally appropriated/unappropriated)

AC recommends to the Board that the annual audited financial statements be approved

AUDIT COMMITTEE – EXTERNAL AUDIT (SECTION 9(4))

To review:

- The performance and the independence of the external auditor
- The external auditor's audit plan, incl. engagement letter, IA coverage to reduce redundancies, use of other public accountant

Make recommendations to the board on:

- The appointment, replacement or dismissal of the external auditor
- The fee and fee adjustment
- The content of the external auditor's audit plan and on all proposed major changes to the plan.

To recommend to the board a policy designating services that the external auditor may perform for the board and, if the board adopts the policy, to oversee its implementation.

AUDIT COMMITTEE – INTERNAL CONTROLS (SECTION 9(2))

Audit Committees Duties:

- Review the overall effectiveness of the Board's internal controls
- Review the scope of the auditor's review of the Board's internal controls
- Discuss significant financial risks and measures to monitor and manage these risks

Resources:

- RIAT audit reports and activities updates at each AC meeting
- Management letter containing risks identified during the audit from external auditors

AUDIT COMMITTEE – INTERNAL AUDIT (SECTION 9(3))

The Audit Committee will:

- Review the internal auditor's mandate, activities, staffing and organizational structure
- Review and make recommendations to the Board of Trustees for approval of the internal audit plan
- Conduct a performance review of the Regional Internal Audit Team

AUDIT COMMITTEE – INTERNAL AUDIT (SECTION 9(3))

Review Internal Audit Reports:

- RIAM updates, mandate, risk assessments and audit plans
- Audit reports containing observations, recommendations, and management action plans
- Follow-up reports on the progress of management's action plans

Ask the RIAM, Director, SBO about:

- Significant findings and recommendations by IA and responses of the board's staff;
- Any difficulties encountered, including any restrictions or limitations on the scope of work or access to required information; and
- Any significant changes the internal auditor made to the audit plan in response

AUDIT COMMITTEE – INTERNAL AUDIT (SECTION 9(3))

2020-21 AUDIT PLAN

Cybersecurity Review

Follow-up Procedures

Management Request Engagement

Covid Response Review

Educational Assistant Deployment Engagement

AUDIT COMMITTEE – COMPLIANCE (SECTION 9(5))

Review the effectiveness of the board's system for monitoring compliance with legislative requirements and with the board's policies and procedures

With the assistance of management:

- Rely on the delegation of authority in place to ensure compliance with the Code of Conduct
- Address issues of non-compliance as they arise
- Receive, from the Director of Education, a confirmation that the board is in compliance and all statutory requirements have been met (usually in the form of negative confirmation)

AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6))

Stay informed on significant risks to the school board

Review the Board's risk assessment and risk management policies

Assess the risk management process of the school board

Review risk assessments provided by Internal and External Auditors

AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6)) DEFINITIONS

Risk is the effect of uncertainty on objectives, deviation from the expected.

Risk can be either positive (**opportunity**) or negative (**threat**).

Risk is measured in terms of Likelihood and Impact.

AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6)) DEFINITIONS

SERM = Strategic Enterprise Risk Management

A Continuous, proactive and dynamic process

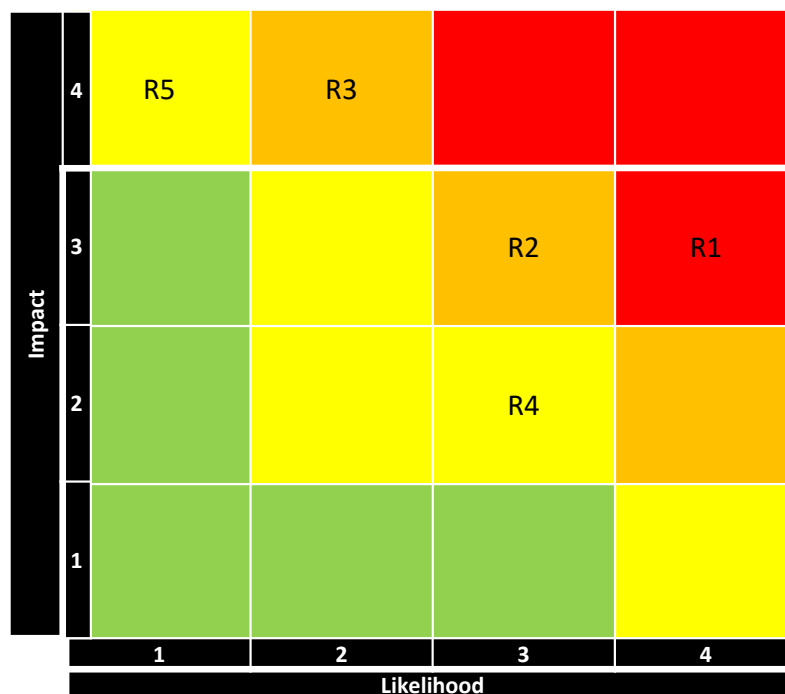
Includes a variety of risk management activities

An integrated and disciplined process

Links to strategic objectives

AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6))

RISK HEAT MAP



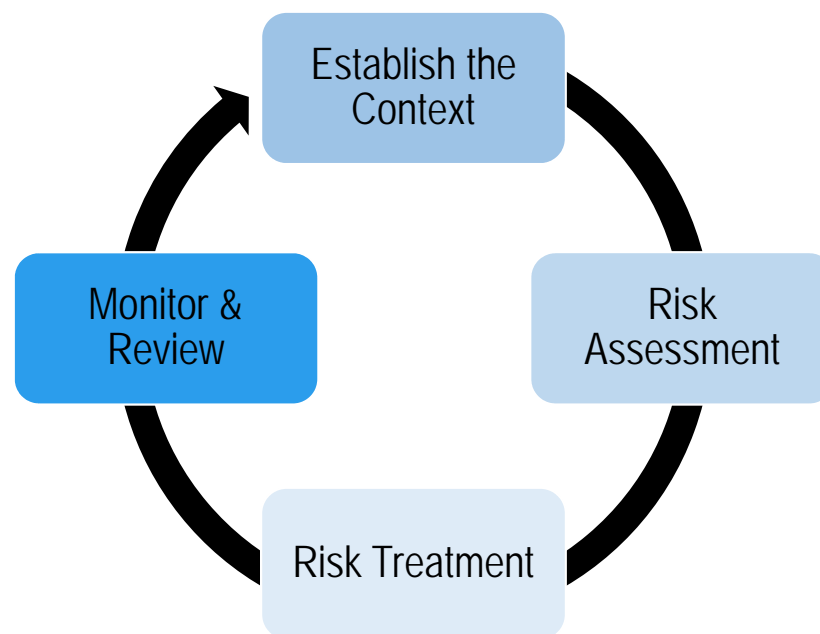
Risks	
R1	Attendance Management
R2	Staff Recruitment and Retention
R3	Students Health and Safety
R4	Cybersecurity
R5	Information Management

AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6))

RISK MANAGEMENT CYCLE

Process centered on :

- 1- Understanding potential variances to objectives
- 2- Determining options to address these variances



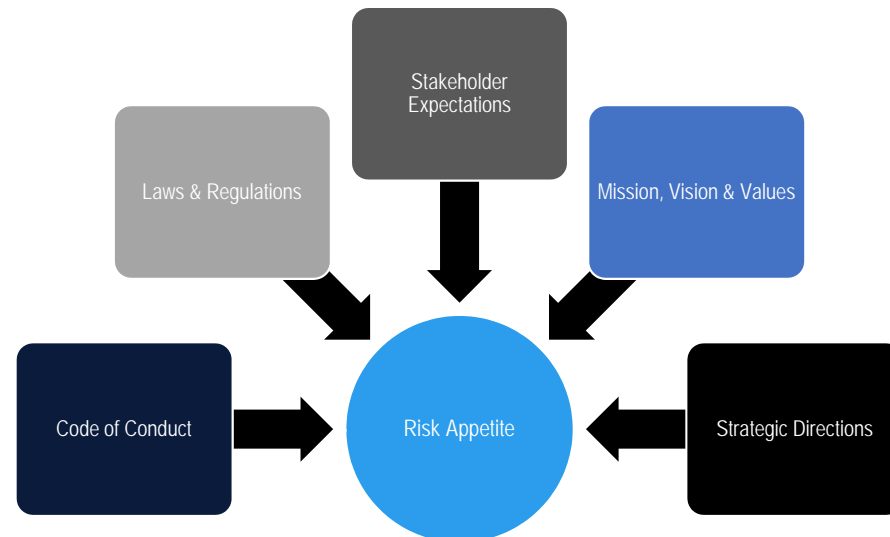
AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6))

RISK TOLERANCE

A driver of strategic decisions and effective monitoring of key risks

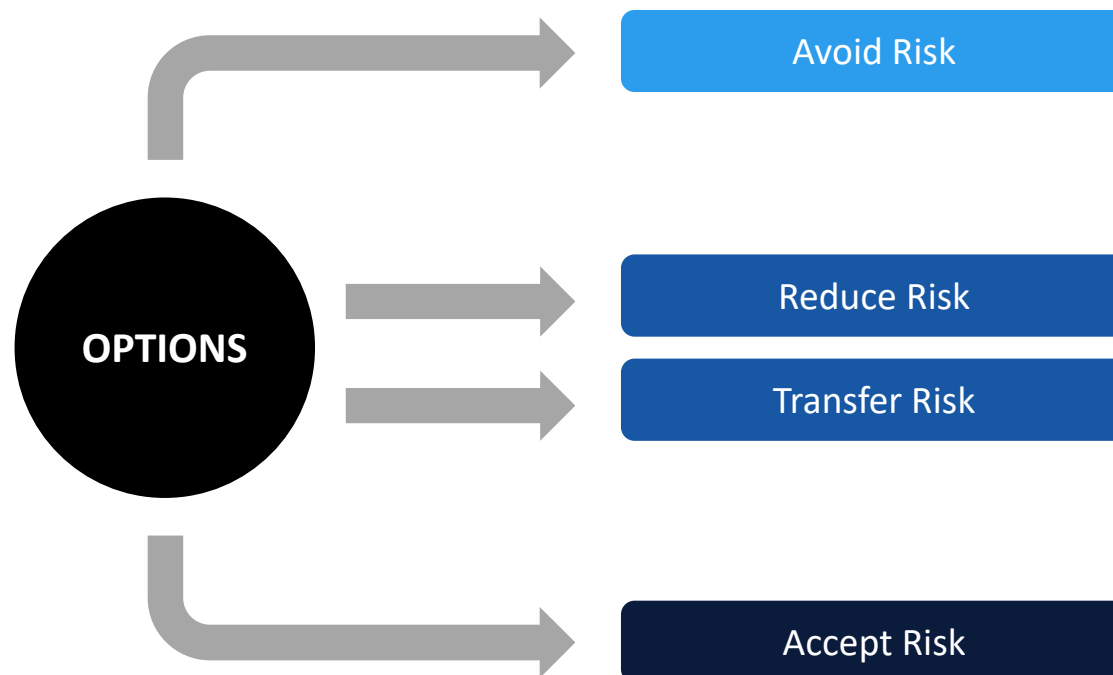
Amount of risk the school board is willing and able to bear in executing its strategies/activities

Reflects the school board's capacity to bear the risk, after treatment, to achieve desired outcomes.

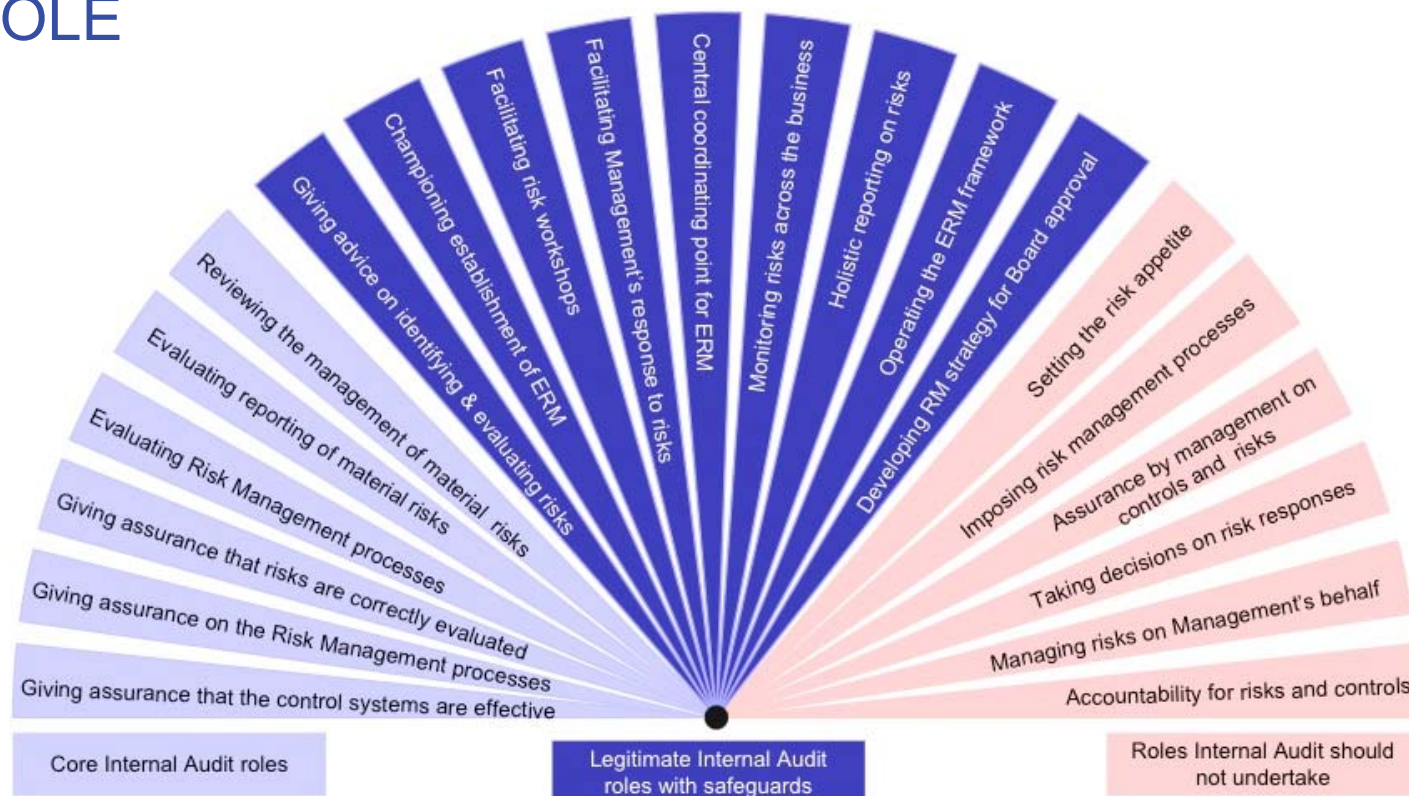


AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6))

RISK TREATMENT



AUDIT COMMITTEE – RISK MANAGEMENT (SECTION 9(6)) RIAT ROLE



AUDIT COMMITTEE – CYBER SECURITY KEY QUESTIONS



How effective is our cybersecurity strategy at addressing risks the business faces?

How are we keeping track of and protecting sensitive information held by third parties?

How do we stay current on the cyber threat landscape around the industry & market?

Do we have the information we need to oversee cyber risks?

How do we know that we have an effective cyber incident response plan?

AUDIT COMMITTEE – COVID19

COVID-19 is undoubtedly going to have an impact to the Entity's business and the Entity's financial reporting.

Potential financial reporting implications

Refer to our [COVID-19 Financial Reporting](#) site:

- Events or conditions that cast significant doubt regarding going concern
 - Determining plans to mitigate such conditions or events (e.g., debt restructuring)
 - Evaluating ability to carry out those plans in light of the current conditions
- Impairment of non-financial assets (e.g., PPE, intangible assets, goodwill)
 - Analysis of triggering events and impairment testing (e.g. cash flow forecasts and assumptions)
- Impairment of financial assets (e.g., financial instruments)
- Hedge accounting
- Fair value measurements
- Leases
- Employee benefits and employer obligations
- Government assistance
- Income Taxes (recoverability of DTA or tax relief measures)
- Provisions, contingencies and onerous contracts
- Revenue-cycle (process) accounting (e.g. contracts with customers)
- Revenue process assets (e.g. Inventories (NRV))
- Classification of debt
- Capitalized borrowing costs
- Subsequent events

Potential financial reporting implications related to disclosures

Refer to our [COVID-19 Financial Reporting](#) site:

- Events and conditions that cast significant doubt regarding going concern (including "close calls")
- New accounting policies
- Significant management judgements in applying accounting policies
- Major sources of estimation uncertainty that have significant risk
- Liquidity risks

Potential implications on internal control over financial reporting

- Reconsideration of financial reporting risks, including fraud risks, given possible new pressures on management or new opportunities to commit fraud given changes in ICFR or to bias estimates
- New or enhanced controls, including those that may need to occur at quarter-end, to respond to new financial reporting risks or elimination of on-site preventative controls
- Consideration of changes in the individuals performing the control (e.g. re-directing the performance to head-office)
- Consideration of the appropriateness of segregation of duties because of a potential reduction in the number of employees
- Revisions may be needed for internal audit visits planned
- Plan for inventory counts may need to be re-considered (e.g. cycle-counts) to ensure all inventory is counted once during the year
- Reconsideration of ICFR impacts related to broader IT access given remote work arrangements

Other potential considerations

- Reporting material changes in ICFR
- Possible MD&A enhanced requirements (e.g. liquidity, critical accounting estimates)
- Cyber security risks (e.g., wire transfers schemes)
- Possible delay in filing interim and annual financial statements
- Communication of the inability to have the <condensed> <consolidated> interim financial information reviewed (see next slide)

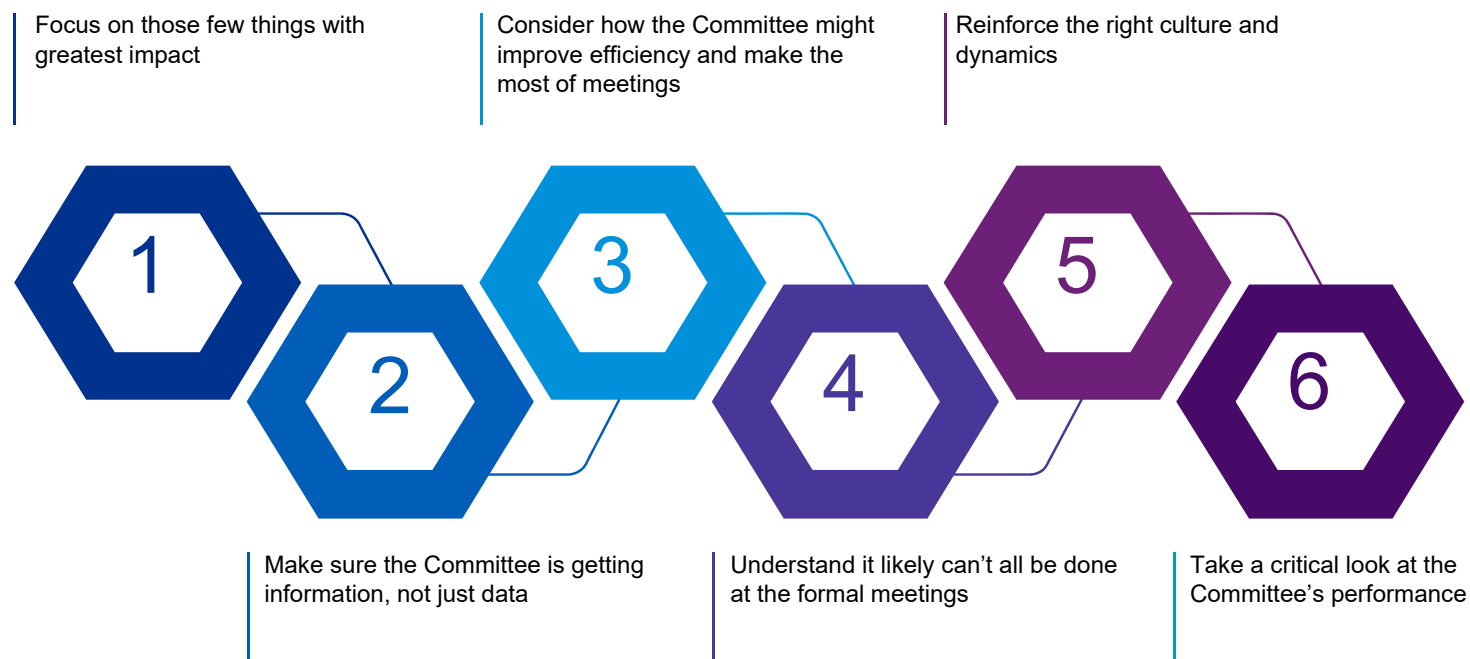
AUDIT COMMITTEE – COVID19

Similarly, COVID-19 is a major consideration in the development of our audit plan for your 2021 financial statements.

Engagement Letter Rider	
Potential audit implications	Potential interim review implications
<p>Planning and risk assessment</p> <ul style="list-style-type: none"> Understanding the expected impact on the relevant metrics for determining materiality (including the benchmark) and the implication of that in identifying the risks of material misstatement, responding to such risks and evaluating uncorrected misstatements Understanding the potential financial reporting impacts, the changes in Entity's environment, and changes in the entity's system of internal control, and their impact on our: <ul style="list-style-type: none"> identified and assessed risks of material misstatement audit strategy, including the involvement of others (e.g., our internal specialists or use of internal audit's work or internal audit in a direct assistance capacity) and the nature, timing and extent of tests of controls and substantive procedures <p>Executing</p> <ul style="list-style-type: none"> Remote auditing <ul style="list-style-type: none"> Increased use of other collaboration tools (Facetime, Skype etc.) and the need for written management acknowledge for their use Potential increased use of electronic evidence (and understanding the Entity's processes to provide such evidence to us) Timing of procedures may need to change <ul style="list-style-type: none"> Tests of controls may need to be deferred (to allow the Entity to put new or revised controls in operation and to be able to re-perform such controls) <p>Reporting</p> <ul style="list-style-type: none"> Possible scope limitation(s) 	<ul style="list-style-type: none"> Understanding the Entity's potential financial reporting impacts, the changes in Entity's environment, and changes in the Entity's system of internal control, and their impact on our: <ul style="list-style-type: none"> the design of the analytical procedures (e.g. more disaggregated analytical procedures on per day basis) need to perform additional procedures or early audit work ability to complete interim review.



6 TIPS FOR AN EFFECTIVE AUDIT COMMITTEE



AUDIT COMMITTEE – OTHER SECTIONS

Meetings – SECTION 11: 3/year, 1st no later than Sept 30th.

Codes of conduct – SECTION 12: All AC members to conform

Remuneration and compensation – SECTION 13:

- None except for travel expenses, when applicable

Declaration of conflicts – SECTION 14

- All AC members to confirm at least once a year and if applicable

Reporting SECTION 15, in writing, to:

- The Ministry once a year
- The board at least once a year

QUESTIONS???



RESOURCES

Trustee professional development program

- <http://www.ontarioschooltrustees.org>

Ontario Regulation 361/10

- <http://www.ontario.ca/laws/regulation>

The Institute of Internal Auditors

- <https://na.theiia.org/Pages/IIAHome.aspx>

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- 613 889 3835



Memo No. 21-020

TO: Audit Committee

FROM: Camille Williams-Taylor, Director of Education and Secretary of the Board
Brett Reynolds, Associate Director
Janice McCoy, Superintendent of Human Resources

DATE: 17 February 2021

RE: Leadership Succession Planning Strategy Update

The purpose of this memorandum is to provide the members of the Audit Committee with an update with respect to leadership development and leadership succession planning in the District.

Succession planning and leadership development have been identified as strategic priorities in the District's current (2019-2023) strategic plan. In August 2020, following a short delay due to COVID, the Ottawa-Carleton District School Board (OCDSB) embarked on developing its leadership succession planning strategy with the Phelps Group, an external consultant selected through an extensive Request for Proposal (RFP) process.

The Phelps Group has developed the following four (4) phase plan to assist the District in achieving these strategic goals:

- Phase 1: environmental scan, context and discovery
- Phase 2: leadership succession planning strategy & imperatives
- Phase 3: develop & implement success & knowledge transfer strategy
- Phase 4: monitor progress/evaluate effectiveness

Below is a breakdown of each of the phases which includes the key deliverables for the 2020-21 school year.

Phase 1: Environmental Scan, Context and Discovery

Phase one of the project is focused on conducting a quantitative and qualitative analysis of the OCDSB's current succession planning, leadership development and performance

management processes. The intention of this phase is to identify gaps through the analysis of existing demographic data and feedback generated from qualitative interviews. Between December 5th, 2020 and January 15th, 2021, The Phelps Group were able to conduct 18 qualitative interviews, with both members of the OCDSB's senior staff, and in various academic and business/corporate leadership roles throughout the District.

Phase one of the project will conclude by the end of February, with the receipt of the first report prepared by the Phelps Group. This report, which is currently in draft, will include a series of recommendations that will help to inform the further development of our leadership strategies and succession planning initiatives, and will also seek to align our current practices and talent identification processes.

Some of the themes that were identified through the first phase include:

- Succession planning and leadership development must be integrated into an annual cycle of work and become more intentional.
- Formal identification of high potential employees and more active outreach to encourage applicants, particularly from underrepresented groups, to consider applying for formal leadership positions, is required.
- A formal and consistent leadership development program is needed.
- The need for accountability, commitment to succession planning across the District, sharing of best practices and increased communication.
- Simple and effective processes to keep employees engaged.

These themes/recommendation areas will help to inform the next phases of the project.

Phase 2: Leadership Succession Planning Strategy and Imperatives

Phase Two of the project is already partially underway and will focus on aligning, simplifying and streamlining the District's policies and procedures. In particular, this phase will examine the OCDSB's critical leadership roles, talent identification and risk mitigation strategies, and integrating diversity, inclusion and equity as foundational aspects of the District's recruitment practices.

Most notably in this phase, a Leadership Excellence Advisory Panel (LEAP) will be established. The LEAP will consist of approximately 16 leaders representing both the academic and corporate areas. It will be a representative leadership group focused on providing insights obtained from its members' knowledge and experience working within various roles at the OCDSB. Although the LEAP is being established initially to support the work being done with the Phelps Group, the LEAP will continue to play an important

role in terms of monitoring, supporting and implementing leadership succession within the OCDSB. This would include supporting the on-going development and implementation of a comprehensive leadership development program for aspiring Indigenous and Black leaders. The LEAP will also ensure that there is an on-going forum and opportunity for input and feedback from current leaders in the District, and that representative voices are included in the development and implementation processes for both succession planning and leadership development.

Interested OCDSB principals, vice-principals, supervisors and managers were asked to submit an Expression of Interest to be considered for the LEAP in January of 2021. Applications are currently being reviewed by senior staff and the inaugural LEAP meeting is scheduled to take place on February 22nd, 2021.

Phase Two of the project is on schedule to conclude at the end of March, 2021 with a second report that will focus on some additional recommendations pertaining specifically to equitable leadership selection and the integration of various related policies and procedures.

Phase 3: Develop and Implement Success and Knowledge Transfer Strategy

Phase three of the project will be focused on key metrics and measurements, the creation of a pool of high potential candidates, as well as a further integration and alignment of the performance management processes including a detailed implementation plan. This is of particular relevance for the selection of principals and vice-principals, where the District has struggled to ensure it has a sufficient number of successful candidates to meet its needs. Historically, the District has had success in attracting a large number of applicants to the principal and vice-principal postings, but has struggled to fill these positions. Therefore a strategy that focuses on identifying and developing high potential internal candidates for these roles will be critical to this phase of the project.

Further to this, onboarding processes and leadership strategies for the business side will also continue to be examined. During this phase, the Phelps Group will also assist the District in creating templates to allow for corporate knowledge sharing and transfer. This phase is expected to conclude at the end of April 2021 with a third report.

Phase 4: Monitor Progress/Evaluate Effectiveness - OCDSB Blueprint for Success

The final phase of the project consists of developing strategies for being proactive and frequently and consistently monitoring the progress and effectiveness of the leadership development and succession planning programs that have been, or will be, put in place. This includes renewing resources and learning strategies, and adapting and refreshing

templates based on feedback from the LEAP and the needs of the District. Phase four will conclude with a final report provided by the Phelps Group, entitled the OCDSB Blueprint for Success that will outline a detailed implementation plan with additional strategies to monitor effectiveness and measure success. The expected completion date for the project is June 30, 2021.

Further to this, the District will continue to work with the LEAP to enhance and expand the Leadership Development Program at the OCDSB. With the District's strategic goals in mind, the overarching goal of this initiative continues to be to grow, attract and retain a cadre of highly qualified, diverse candidates to fill leadership roles and to design programs that reflect the values and vision of the district. The OCDSB is dedicated to continuing to work towards creating a culture centered on collaboration, wherein we respect and honour diverse points of view, streamline processes, increase communication, build accountability and move towards holistic problem solving, critical thinking and appreciative inquiry.

At the conclusion of the District's relationship with the Phelps Group, the OCDSB will be in a better position to mitigate risk through the acknowledgement of current vulnerabilities and blind spots, the development of new processes and programs and the implementation of a long term strategy to build bench strength through a comprehensive leadership strategy. The Phelps Group has recommended that this will be achieved through the continuous assessment of our leadership needs and board-wise engagement wherein; the District's process and practices are formalized, there is a strategy in place to identify, prepare, develop and grow our leaders and that the OCDSB has the ability to transition and anticipate future challenges and needs that may arise.

Further information on the District's work in succession planning and leadership development will be provided through the normal reporting channels to Committee of the Whole and other committees. Should you have any questions, please contact Brett Reynolds, Associate Director of Education at brett.reynolds@ocdsb.ca or at ext. 8252 or Janice McCoy, Superintendent of Human Resources at janice.mccoy@ocdsb.ca or at ext. 8207.

cc. Trustees
Student Trustees
Senior Staff
Manager Board Services
Corporate Records



Audit Committee

17 February 2021

Report 21-018

Business and Learning Technologies Updates

**Key Contact: Shawn Lehman, Superintendent of Instruction,
ext. 8391**

PURPOSE:

1. This report provides the committee with updates to the work Business and Learning Technologies has undergone to improve the cybersecurity posture for the District.

CONTEXT:

2. In Fall 2019, Business and Learning Technologies embarked on a three year technology plan, Transforming How We Learn and Work, centered around four themes. Attached as Appendix A. These four themes will focus the work of Business and Learning Technologies until 2022. The four themes that are the pillars of the plan include:
 - Modern Learning;
 - Seamless and Innovative Technologies;
 - Privacy and Security; and
 - Digital Transformation.

KEY CONSIDERATIONS:

3. The theme of privacy and security is key to ensuring the staff and students in the District have an understanding of the need to keep data confidential and secure. The desired outcomes in the Technology Plan will be achieved

through a comprehensive cybersecurity framework. This is an overview of the work Business and Learning Technologies has undertaken over the last year in the area of security but is not an exhaustive list of the work being carried out in areas of Privacy and Security.

4. **Security and Identity Team**

In January 2020, Business and Learning Technologies adjusted the organizational structure in the department to place greater emphasis on security and identity. Namely a Security and Identity team headed by a Team Manager to oversee cybersecurity and identity management was recommended. In the Summer of 2020, the Team Manager was hired, and by October 2020 the team was formed which included 7 members to oversee both security and accounts in the department. These members included 3 positions from the area of accounts and 2 positions from the Network and Infrastructure team who had responsibilities for network security. The Team Lead position was added through the 2020/21 budget process.

The team's work plan is grounded in the three year technology plan. It's mission is to *"Provide security leadership, identity governance and management in order to create a culture of privacy and information security in order to safeguard the board's digital assets and information in a cost effective and innovative approach."* In the first year their initial focus will be on:

- Developing and implementing a Security awareness training program for all staff;
- Establishing a Vulnerability Management Framework; and
- Conducting a Security Gap and Maturity Assessment which involves reviewing the current state of gaps and progress towards remediation and map them against an industry standard framework.

5. **Security Awareness Framework**

To achieve our goal of 100% of our staff participating in security and privacy training, our Security and Identity team have developed a Security Awareness Framework comprised of three phases.

Phase 1 - Communicate to staff the expectations and importance of training including timing and cadence.

Phase 2 - Provide role based training to staff to match roles and responsibilities i.e., Finance staff would have specific training regarding awareness of spoofed invoices, phishing etc.

Phase 3 - Security Awareness Testing and monitoring of completion i.e., phishing simulations to test efficacy of the program.

Our goal is to implement phase 1 by the end of June 2021 with Phase 3 being completed by December 2021.

6. **Establishing a Vulnerability Management Framework**

The Security and Identity Team established and implemented a vulnerability framework to run scheduled scans on our network to detect any potential malware or threats that could compromise the District's assets. There are two phases in the framework:

1. Network Discovery; and
2. Vulnerability Assessment.

The network discovery phase is conducted to discover live hosts on the target network. The vulnerability assessment uses data gathered during the first phase to generate a final report. The team then makes recommendations based on the findings in the assessment.

7. **Conducting a Security Gap and Maturity Assessment**

The Security Gap and Maturity Assessment will enable the goals outlined within the Business and Learning Technology Plan to be achieved. By baselining existing capabilities against an industry standard framework we will understand areas for improvement and assess the capabilities (people, process and technology) to support the overall control objective. Ratings will range from Not Implemented to Fully Implemented. Recommendations to be prioritized based on:

- Overall risk;
- Strategic objectives outlined within the Technology Plan; and
- Aligned to target state maturity level.

8. **Email Removal Process**

In November 2020, Business and Learning Technologies reviewed and formalized the process for removal emails from inboxes. The process of removing emails from staff and student inboxes was put in place to mitigate risk to the District. Emails can be removed from the inboxes of staff or students when authorized by designated staff when they meet one of the following criteria:

1. Email content is malicious or poses a threat to the user or the District e.g., phishing attack;
2. Email contains sensitive information that was inadvertently sent to the wrong individuals i.e., confidential student information sent to the wrong individuals;
3. Email content is injurious to the moral tone of the school/District or to the physical or mental well-being of others; or
4. Email that may be libelous or where the further dissemination of the email may expose the District to liability.

Over the past year 81% of the email removals were due to security risk, 16% were due to privacy breaches and 3% were removed because the content was injurious to the moral tone of the District/school or to the physical/well being of others.

9. Privacy and Security

Privacy and security have a reciprocal relationship. The Security and Identity Team work collaboratively with the Privacy Officer to ensure we are in alignment with our practices.

10. Software/Applications Vetting

With the increase in availability of third party applications for educational use, teachers are being asked to interpret privacy agreements and terms and conditions before sharing student data. This has been a challenge for educators and it is clear they are in need of guidance and support in this area. The District has created a software catalogue committee that is curating, overseeing and recommending applications in schools from a pedagogical, technological and privacy and security perspective. The District has procured the services of an Application Vetting Service through the Educational Computing Network of Ontario (ECNO) to provide consistency to the process as most districts will be using this service. The software catalogue and process for vetting applications has been shared with staff in a variety of ways including a system memo.

11. Operational and Security Steering Committee

In Fall 2019 the Operational Security Committee and the Security Steering Committee were struck to establish governance in the area of cybersecurity for the District. The Operational Security Committee consists of members of Business and Learning Technologies staff as well Risk Management. They discuss issues relating to cybersecurity and make recommendations to the Security Steering Committee. Since that time both committees have made recommendations around password policies, account retention, security awareness training and implementation of a multifactor authentication protocol.

12. ECNO Partnership

The Educational Computing Network of Ontario (ECNO) offers Shared Services to school boards across Ontario. The services of a Regional Information Security Analyst (RISA) is a service that school boards are able to purchase on a consultative basis. The District has purchased this service which offers us the opportunity to collaborate with other school boards in Eastern Ontario on matters of cybersecurity as well as use the resources developed by the RISA.

RESOURCE IMPLICATIONS:

13. The resources required to carry out this work will be part of the Business and Learning Technologies department budget.

COMMUNICATION/CONSULTATION ISSUES:

14. Ongoing consultation has been occurring with other districts through the Ontario Association of School Business Officials (OASBO), Educational Computing Network of Ontario (ECNO) and the Eastern IT Managers (EOIT). A communication plan will be developed in collaboration with Human Resources on the Security Awareness Training Plan once the timelines have been established. Staff were advised of the software vetting process through a system memo in November 2020.

STRATEGIC LINKS:

15. This work is aligned with a Culture of Caring through championing and nurturing a safe, caring and respectful workplace.

GUIDING QUESTIONS:

16. The following questions are provided to support the discussion of this item by the Committee.
 - Does the report reflect the privacy and security outcomes in Transforming How We Learn and Work?
 - Does the work outlined in the report serve to mitigate the privacy and security challenges that school boards are or may encounter?
 - Does the security awareness framework as noted in the report move the District to a more robust security posture?

Shawn Lehman
Superintendent of Instruction

Camille Williams-Taylor
Director of Education
Secretary to the Board

Attached: Appendix A - Transforming How We Learn And Work Technology Plan - Fall 2019- Fall 2021



OTTAWA-CARLETON
DISTRICT SCHOOL BOARD



TRANSFORMING HOW WE LEARN AND WORK

Technology Plan

FALL 2019 – FALL 2022

Business and Learning Technologies' Vision:

To create a seamless and innovative technological experience.

TRANSFORMING HOW WE LEARN AND WORK

In the development of the three-year Technology Plan, it was important to engage a variety of different groups, in order to access a diversity of voices. The plan builds on the strengths of our District and reflects the needs in our school communities. It aligns with the OCDSB's 2019–2023 Strategic Plan that focuses on a Culture of Innovation, Culture of Caring, and Culture of Social Responsibility.

The four themes of the Technology Plan each have a goal to be achieved by June 2022.

Within each goal are desired outcomes for students, staff and system. Key performance indicators will be used to monitor progress. Deliverables will be achieved by the conclusion of the plan.

Strategies to support the achievement of the four goals:

- Professional learning and training to assist staff in building their capacity to achieve the desired outcomes in each area of the plan.
- Foster the conditions to support staff in having an open learning stance to use technology in creative and innovative ways.
- Collaborate with departments to ensure alignment of tools and processes across the District.
- Develop a communication plan to ensure all stakeholders are aware of *Transforming How We Learn and Work* and the goals within.
- Align the work of *Transforming How We Learn and Work* with the OCDSB's 2019–2023 Strategic Plan.
- Create an implementation and monitoring process to ensure *Transforming How We Learn and Work* is effectively implemented and monitored for impact.

EXIT OUTCOMES

**CHARACTERISTICS**

GOAL-ORIENTED
Students who are goal-oriented have self-motivation, diligence, initiative and a sense of responsibility.

RESILIENT
Students who are resilient face and overcome adversity and challenging situations. They take risks, learn from mistakes, persevere, and move forward confidently.

**GLOBALLY AWARE**
Students who are globally aware are empathetic and responsive in their contributions to the local and global community. They demonstrate cultural proficiency and act in a respectful, inclusive manner.

COLLABORATIVE
Students who are collaborative understand the importance of working cooperatively in a team setting. Collaboration values diverse perspectives and effectively utilizes each person's contributions.

**INNOVATIVE/CREATIVE**
Students who are innovative and creative have original thoughts and ideas that are of value and are acted upon. They understand that creativity is essential not only for solving problems, but also for improving where strengths already exist.

**SKILLS**

CRITICAL THINKERS
Students who are critical thinkers engage in reflective and independent thinking. They identify the relevance, validity and importance of ideas using rational and intuitive processes. They understand the logical connections between ideas. They construct and evaluate arguments using criteria. They generate solutions and create new ways of thinking.

ACADEMICALLY DIVERSE
Students who are academically diverse have strong literacy and numeracy skills; they will also have acquired a full spectrum of skills through exposure to a wide range of subjects including the arts, sciences, financial literacy, physical education, the trades and technology, in keeping with student needs.

**DIGITALLY FLUENT**
Students who are digitally fluent know how to engage with technology to enhance their learning; this includes interacting with, creating and sharing information (individually or collaboratively) in a responsible and ethical way to support their learning.

EFFECTIVE COMMUNICATORS
Students who are effective communicators are skilled at listening, speaking, questioning, and writing; they connect with people and know their audience.

**ETHICAL DECISION-MAKERS**
Students who are ethical decision makers model principles that govern their decisions through their actions. They embody honesty, respect and responsibility.



MODERN LEARNING

Strategic Plan Connection: Culture of Innovation

A modern learning experience incorporates research-based pedagogical practices that foster future-ready skills such as critical thinking, authentic problem solving, communication and collaboration. Students are given agency through meaningful learning tasks that leverage technology, that are driven by their needs, interests and the big ideas of the curriculum. Agile learning spaces enable students to learn in different ways, at different times.

Goal: We will invest in modern learning experiences that leverage technology as a tool to access, create and share knowledge

DESIRED OUTCOMES

Students:

- Increased level of digital fluency.
- Greater voice in what and how they are learning.
- Increased level of challenge in learning for all students.

Staff:

- Leverage technologies, including assistive technology, in instructional practice to improve student learning.
- Improved confidence to integrate innovative learning in instructional practice.

System:

- Increased innovative teaching and learning experiences.
- Acknowledge and celebrate innovative teaching and learning.

KEY PERFORMANCE INDICATORS:

By June 2022:

- 100% of timetabled OCDSB classrooms will have data projectors to visually share what students are learning.
- Educator survey feedback indicates 50% more educators use mobile technology to provide learning activities that are innovative and meet the needs of all learners.
- Student feedback will indicate a 50% increase in the opportunities for students to have voice in what and how they learn. Student survey data will show increased levels of students reporting they are being challenged in their learning.
- Educator and student voice indicates 50% more students know how to use technology to create and share information in a responsible and ethical way.
- A platform for sharing innovative teaching and learning has been selected and is used regularly by staff to foster collaboration.

DELIVERABLES:

- Science Technology Engineering and Math (STEM) initiatives
- Intermediate students will have a learning experience in the Virtual Learning Environment
- Partnerships to foster authentic learning
- Personalized Learning spaces

Connection to Exit Outcomes:

Goal-oriented

Resilient

Globally Aware

Critical Thinkers

Academically Diverse



SEAMLESS AND INNOVATIVE TECHNOLOGIES

Strategic Plan Connection: Culture of Social Responsibility

The technology experience will be simple, reliable and robust. Innovative technologies will be chosen, tested and utilized to meet our educational and business needs.

Goal: We will optimize assets, infrastructure and services to maximize our educational and business practices

DESIRED OUTCOMES:

Students:

- Equitable and immediate access to digital tools, resources and infrastructure to support their learning.

Staff:

- Equitable and immediate access to digital tools, resources and infrastructure to support planning, teaching, and administrative duties.

System:

- A robust infrastructure, digital tools, and technologies support learning and business (Eg: wifi upgrade, mobile classroom technology, staff devices, modern Student Information System).
- Technologies provided to schools ensure equitable access.
- Formal project management process to include purchases vetted by Business and Learning Technologies.
- Access to reliable digital resources.

KEY PERFORMANCE INDICATORS:

By June 2022:

- Reliable network connectivity (99% of the time).
- Fast and scalable internet bandwidth (99% of the time).
- Students will have access to the digital tools (99% of the time).
- Staff will have access to business services (99% of the time).
- Minimum 0.5 Mbps/sec (speed of internet) per user.
- Schools will have an inventory of mobile devices at a ratio of one device for every four students.
- Educators will have access to mobile technology (99% of the time).
- 90% of staff will consult with B< prior to the purchase of any new technologies (hardware and software).

DELIVERABLES:

- Wireless and Network Infrastructure Upgrade
- Five-Year Classroom Technology Acquisition Plan
- Simple Sign On
 - Standardized Project Management and Procurement Process

Connection to Exit Outcomes:

Innovative/
Creative

Digitally Fluent



PRIVACY AND SECURITY

Strategic Plan Connection: Culture of Caring

In a culture of privacy and security students and staff have an understanding of data that needs to be confidential and will follow best practices to ensure it is secured.

Goal: We will protect data by building a culture of privacy, security and digital leadership

DESIRED OUTCOMES

Students:

- Demonstrate the rights, responsibilities and opportunities of living, learning and working in an interconnected digital world and make mindful, ethical choices.
- Demonstrate an increased awareness of Privacy and Digital Security practices.

Staff:

- Demonstrate the rights, responsibilities and opportunities of living, learning and working in an interconnected digital world and model mindful, ethical choices, and ensure the protection of student data.
- Demonstrate an increased awareness of Privacy and Digital Security practices.

System:

- A governance structure for privacy and security.
- Policies, procedures and practices that prioritize the protection of student, staff and District data.

KEY PERFORMANCE INDICATORS:

By June 2022:

- 100% of our staff will participate in security and privacy training.
- Policies and procedures have been revised or developed to reflect current technologies, risks and practices by June 2022.
- 50% reduction in the number of privacy and security breaches due to human error.
- Training activities will demonstrate a 50% increase in Privacy and Digital Security awareness for both staff and students.

DELIVERABLES:

- Secure Data
 - Security Steering Committee
 - Security Operational Committee
- Software Catalogue Review Committee
 - Secure Business Practices
 - Privacy and Security Training Plan for Staff

Connection to Exit Outcomes:

Ethical
Decision-makers



DIGITAL TRANSFORMATION

Strategic Plan Connection: *Culture of Innovation*

Digital transformation grows the knowledge, skills and abilities of individuals through digital connections and collaboration. It modifies processes and practices of the organization for improved outcomes.

Goal: *We will leverage digital technologies to improve business processes, culture and experiences*

DESIRED OUTCOMES:

Students:

- Use digital resources to deepen the learning experience.
- Increased level of digital fluency.
- Ongoing exposure to a variety of new and emerging technologies to develop student adaptability in a changing world.

Staff:

- Demonstrate enhanced planning, implementation and assessment of student learning through the use of digital resources.
- Use digital resources to improve work flow and business processes, culture and experiences to meet the diverse needs of our students and families.

System

- Improved workflow and business practice.
- Increased client satisfaction.

KEY PERFORMANCE INDICATORS:

By June 2022:

- Reduction in duplication of technological purchases that perform similar functions.
- Staff survey indicates a 50% increase use of digital tools for learning and business.
- Feedback indicates that students will critically select, evaluate and use digital resources to deepen learning.
- A client satisfaction survey indicates 95% of clients are satisfied with their service.

DELIVERABLES:

- Student Safe Arrival Module
 - Student, Staff, Parent Portals
 - New Student Information System
 - Meeting Management Software
- Artificial Intelligence Framework
 - Business processes support digitization
 - Expanded digital functionality of current tools eg. school staff communication tools

Connection to Exit Outcomes:

Collaborative

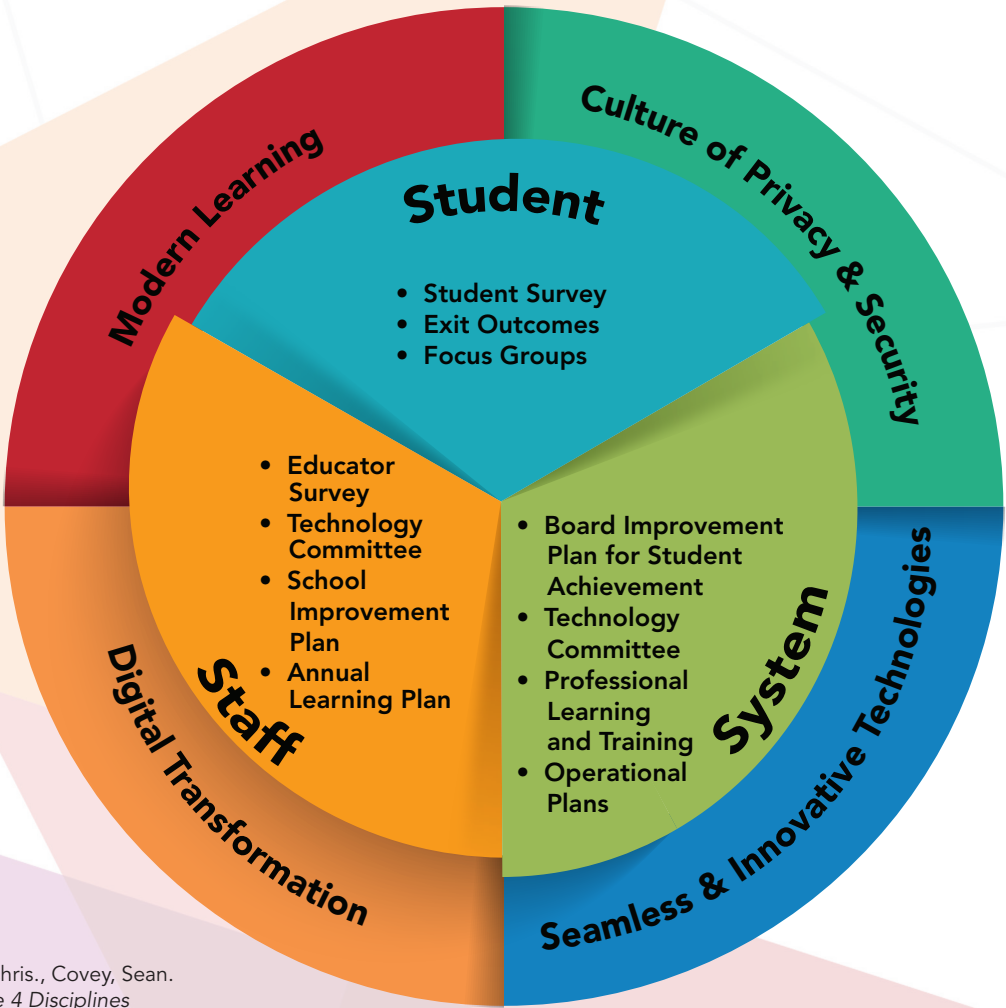
Effective Communicators

IMPLEMENTATION AND MONITORING

Transforming How We Learn and Work will determine our journey for the next three years (2019–2022). A detailed year-by-year plan will be created to guide the direction of Business and Learning Technologies in each of the four themes. Progress on the yearly plan will be monitored by the leads of each project and progress towards the desired outcome will be shared twice each year. The progress in each area will assist the department in the development of the detailed plan for the subsequent year. Business and Learning Technologies will work with staff and all departments to implement and monitor the plan.

As part of the monitoring plan, there will be lead and lag measures. Lead measures identify the progress that is being made towards achieving the goal. Lag measures determine if the goal was achieved. They are usually accessed at the time that progress towards the goal is assessed.

Goal: <i>Students will increase their level of Digital Fluency</i>	
Lead Measure	Lag Measure
<ul style="list-style-type: none">• Student Survey feedback on what could be changed to support student use of technology to create knowledge.	<ul style="list-style-type: none">• More students are using technology to create new knowledge as determined through student portfolios.



Source: McChesney, Chris., Covey, Sean. Huling, Jim. (2012) *The 4 Disciplines of Execution: Achieving Your Wildly Important Goals* New York: Free Press



OTTAWA-CARLETON
DISTRICT SCHOOL BOARD

Business and Learning Technologies' Mission:

We care about the success of our students so we strive to provide and support a learning and technical environment that is innovative, safe and accessible for the entire OCDSB community.