



AUDIT COMMITTEE REPORT (PUBLIC)

Wednesday, May 18, 2022

6:00 pm

Zoom Meeting

Members: Lyra Evans (Trustee), Mark Fisher (Trustee), Grace Lee (External Member), Shannon Hoeft (External Member)

Staff and Guests: Lynn Scott (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), Rebecca Grandis (Senior Board Coordinator)

Others Present: Gordon Champagne, Senior Regional Internal Auditor, Antong Hou, Student Senator

1. Call to Order

Chair Lyra Evans called the public session to order at 6:30 p.m. and acknowledged that the meeting is taking place on unceded Algonquin Territories and thanked the Algonquin Nations for hosting the meeting on their land.

Chair Lyra Evans acknowledged the significant contributions of Chief Financial Officer (CFO) Carson and Manager Sandra Lloyd to the Audit Committee as they approach their retirements.

2. Approval of Agenda

**Moved by Shannon Hoeft,
THAT the agenda be approved.**

Carried

3. Delegations

There were no delegations.

4. Superintendent's Report and COVID-19 Update

CFO Carson advised that, as a result of retirements and restructuring, the District is recruiting for three new positions within the senior team, Chief Information Technology Officer, Superintendent of People, Culture and Leadership and

Associate Director of Business Operations. CFO Carson reported that the three positions have been included in the 2022-2023 staff recommended budget.

CFO Carson advised that the 2022-2023 staff recommended budget is being finalized, and staff are recommending a deficit of approximately \$9.9 million, that represents 1% of the District's operating income and ensures compliance with regulation. CFO Carson reported that over 65% of the budget has been committed for academic staffing where enhancements were added to support students in the Learning Supports Services and the Equity portfolios and this will have a positive impact on learning.

CFO Carson noted that the District has received substantial funding from the Province of Ontario for infrastructure enhancements, mainly for improvements to ventilation systems within schools. He noted this work has begun and is progressing well. CFO Carson reported there continues to be pricing pressures and labour and material shortages. He acknowledged that staff will be monitoring these issues throughout the summer of 2022 to determine if some work may have to be postponed.

In response to a query from Chair Lyra Evans, CFO Carson advised that a change in the provincial government as a result of the June 2022 election will have little impact on the 2022-2023 staff recommended budget as it is too far into the planning cycle for a new party to make changes at this time.

In response to a follow-up question from Chair Lyra Evans, CFO Carson noted that although the Province of Ontario did not pass a budget, staff are proceeding with the 2022-2023 staff recommended budget based on the information provided by the Ministry of Education and the regulations under *the Education Act*. He advised that a portion of the funding received by district school boards for the 2022-2023 school year was funded under the previously approved provincial budget.

5. Matters for Action

5.1 Review of Audit Committee Report

a. 16 February 2022

Moved by Trustee Fisher,

That the Audit Committee Report of 16 February 2022 be received.

Carried

b. Business Arising

There was no business arising from the report.

6. Matters for Discussion

6.1 Report 22-031, 2021-2022 Updated Financial Forecast (March) (M. Carson)

Your Committee had before it Report 22-031, explaining the changes in the 2021-2022 Updated Financial Forecast, as compared to the 2021-2022 Budget.

CCO Carson reminded the Committee that financial results are not complete when the report is prepared and may be affected by the way funding is allocated. He advised that in March 2022, staff determined that the District was in a better financial position than anticipated and as a result have developed a spending plan that will allow for an increased investment in technology to be made in the remainder of the 2021-2022 fiscal year. CFO Carson noted that the purchase of classroom furniture in January 2022 for the 2022-2023 school year was able to be included in the 2021-2022 fiscal year, allowing more flexibility in the 2022-2023 school year. CFO Carson stated that staff have been conservative in the forecast and will be monitoring to determine if there are other opportunities to deploy additional funds from the 2021-2022 fiscal year.

Manager Gardiner presented Report 22-031, highlighting an expected accumulated surplus at the end of the 2021-2022 year of \$31.2 million to support planning for the 2022-2023 school year and he expressed the opinion that the District will see continued improvement in its financial position as the District returns to a more usual position post pandemic.

During the discussion, and in response to questions the following information was provided:

- In response to a query from Chair Lyra Evans regarding \$2.3 million in unspent funds from the 2021-2022 staff recommended budget, Manager Gardiner advised that the amount indicated is an accounting treatment. He added that \$1.5 million of that amount is being reallocated to support a capital purchase and the \$800,000 net change was a result of a number of items in expenses and revenues. Manager Gardner advised that it is a challenge to identify one specific area of savings;
- Chair Lyra Evans expressed concern that when it appears as though there have been savings, it translates into possible positions or programs that were unfilled;
- In response to a query from Trustee Scott, Manager Gardner noted that the items identified as non-compensation under the non-instruction category in the amount of \$3.9 million are "in kind" contributions from the Ministry of Government and Consumer Services (MGCS) for personal protective equipment (PPE). He noted the District must report the cost of the PPE as well as a revenue adjustment. Manger Gardner advised that a breakdown of these items can be found in section 13 of the report;
- In response to a query from Trustee Scott, Manager Gardner reported that a list of Priorities and Partnership Fundings grants that are moving to

permanent Grants for Student Needs (GSN) funding would be included in the 2022-2023 staff recommended budget document; and

- CFO Carson advised that it is often a challenge to spend funds allocated from the Ministry in the time frame allotted or because of staff shortages in the case of professional development (PD). He noted staff shared the trustee's concerns about unspent funds.

7. Information Items

7.1 Update on the 2021-2022 Regional Internal Audit Team (RIAT) Plan (G. Segu)

Mr. Champagne, the Regional Internal Audit Team (RIAT) senior Auditor, outlined his update on the Audit Plan for the 2021-2022 school year. He noted the following:

- The educational assistant (EA) deployment engagement is currently underway. He added that interviews are being conducted with EAs and this will be followed up with a questionnaire to understand their needs;
- In April 2022 the RIAT reached out to management to determine the status of the outstanding recommendations and will provide a further update at an Audit Committee meeting in the fall of 2022;
- The COVID-19 Response Review is planned with a start date yet to be determined;
- A data analytic enrolment review is underway that will study student enrolment within the boundaries of the City of Ottawa; and
- CFO Carson advised that he has met monthly with the RIAT manager to receive updates and discuss future opportunities.

7.2 Update on the RIAT Multi-year Plan (G. Segu)

Mr. Champagne provided an update on the RIAT Multi-Year Plan. For the 2022-2023 and 2023-2024 school years, the following reviews are planned:

- Safe schools, focusing on student well-being and mental health;
- Legislative compliance;
- School generated funds, fraud flags; and
- Payroll analytics.

During the discussion and in response to questions, the following information was provided:

- In response to a query from Trustee Scott regarding the school generated funds fraud flags, Mr. Champagne advised that the review

will be to inform staff of potential areas for fraud and provide mitigation strategies such as a timely a review of bank statements and will include processes that can be employed;

- In response to a query from Chair Lyra Evans regarding school councils banking with their school, Mr. Champagne noted that the review will be more focused on a study of administrative oversight; and
- CFO Carson advised that the OCDSB is one of the few school boards that allows school councils to manage their funds outside of the school account. He added that a previous review was undertaken by the District and the decision was made to allow school councils to manage their own banking, if they preferred. CFO Carson noted that school councils want to maintain control over expenditures of the funds they raise. He expressed the opinion that having school council funds managed within the school would ease the administrative burden of councils that rely on volunteers.

7.3 Follow-up on RIAT Recommendations (Oral) (G.Segu)

Mr. Champagne advised that there are currently twelve (12) outstanding recommendations from RIAT audits. He added that the goal of the RIAT is to work with management to address the recommendations within their busy schedules. Mr. Champagne advised that a detailed report will be presented to the Audit Committee in the fall of 2022.

CFO Carson advised that most of the significant recommendations have been addressed and that staff will work to ensure the outstanding items are addressed.

During the discussion and in response to questions, the following information was provided:

- The timeframe to implement recommendations is dependent on management and their availability;
- As recommendations age the requirements for implementation change;
- CFO Carson advised that as the recommendations age it is important to ensure the list of recommendations is current. He advised that staff, when working with the various departments strive to establish achievable timelines for implementation. He stressed that there are no risks as a result of recommendations that have not implemented; and
- Many of the recommendations identified from RIAT audits have been addressed.

8. New Business

There were no items of new business

9. Upcoming Meeting Dates (Tentative)

The Committee reviewed the proposed meeting dates for the 2022-2023 school year. There were no conflicts identified by Committee members.

10. Adjournment

The public meeting adjourned at 7:45 p.m.

Lyra Evans, Chair, Audit Committee