



**AUDIT COMMITTEE
Report No. 24-132**

25 November 2024

Audit Committee Annual Report for 2023-2024

**Key Contact: Randall Gerrior, Associate Director of Education,
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PURPOSE:

1. To seek approval of Report 24-132 as the 2023-2024 annual report of activities for submission to the Board in accordance with *Ontario Regulation 361/10, Audit Committees*.

STRATEGIC LINKS:

2. Aligned with the culture of social responsibility identified in the Board's 2023-2027 Strategic Plan, an effectively functioning Audit Committee and approach to risk management is a key component in the Board's efforts to allocate resources in a sustainable manner. Audit Committee works with District management to ensure that matters affecting financial, compliance and risk management activities are conducted efficiently and that an appropriate system of internal control exists.

CONTEXT:

3. *Ontario Regulation 361/10, Audit Committees* requires that a summary of work performed by the Audit Committee be provided to the Board. This report has been prepared in compliance with the requirement set out in the regulation and covers the period 01 September 2023 to 31 August 2024.

KEY CONSIDERATIONS:

4. The Audit Committee is integral to the District's corporate governance framework. Reporting to the Board, the Audit Committee works with District management to ensure that matters affecting financial, compliance and risk management activities are conducted appropriately. The Audit Committee meets this mandate by providing oversight in ensuring that management has implemented an appropriate system of internal control, by liaising with internal and external auditors, by discussing risks that may have a significant effect on the District's operational and financial resources, and by reviewing specific financial reports.

5. **Audit Committee Governance**

Audit Committee is a statutory committee of the Board. It is established pursuant to *Ontario Regulation 361/10* and is supported by Board policy P.016.GOV. The regulations and policy stipulate various governance requirements including committee composition, maximum term of office for external members, and the minimum number of meetings that must be held during the year and the role and responsibilities of the committee.

Five individuals serve on the Audit Committee. Board policy allows for one trustee to be appointed for a two-year term while the others continue to serve one-year terms. In addition to trustee members, two external members are appointed for terms of up to three years.

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

<u>Committee Members for the Period 01 September 2023 to 01 November 2023</u>	
Trustees: Lynn Scott, Matthew Lee, Cathryne Milburn	
External Members: Shannon Hoeft and Brian Burns	
<u>Meeting Date</u>	<u>Attendance</u>
20 September 2023	5/5 members
19 October 2023	5/5 members
<u>Committee Members for the Period 02 November 2023 31 August 2024</u>	
Trustees: Donna Blackburn, Matthew Lee, Lyra Evans	
External Members: Shannon Hoeft and Brian Burns	
<u>Meeting Date</u>	<u>Attendance</u>
27 November 2023	5/5 members
21 February 2024	4/4 members
15 May 2024	4/4 members

Note Shannon Hoeft completed her term 31 December 2023.

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

6. **Review of Draft Financial Statements**

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

Audit Committee reviewed the draft 2022-2023 Consolidated Financial Statements at its 27 November 2023 meeting and recommended that the financial statements be approved. The statements were presented to, and subsequently approved, by the Board.

7. Liaising with the External Auditor

The external auditor met with the Audit Committee and provided an engagement letter and audit plan to ensure that members of the Audit Committee were aware of the purpose, extent and limitations relating to the audit of the 2022-2023 Consolidated Financial Statements. Audit Committee also discussed the draft 2022-2023 Consolidated Financial Statements, both publicly and in camera, with the external auditor and reviewed observations and recommendations identified in the auditor's Audit Findings Report. The in-camera meeting included a session restricted to the external auditor and Audit Committee members.

8. Liaising with the Internal Auditor

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

The following work was completed or planned for the year:

- **Educational Assistant Deployment Engagement**
Part 2 was delayed as per Management request. The engagement is aligned with the Board's Strategic Enterprise Risk Management (SERM) risk assessment. In alignment with the objectives of the strategic plan, both student and staff health and safety are a priority and is closely aligned with developing a culture of caring. Part 1 on the allocation of educational assistants to schools is done in an efficient, fair, effective, and transparent way which was presented on 25 October 2023. Part 2 was to focus on the needs, training, and tasks which are aligned with their duties, was delayed at management's request.
- **Follow-up Procedures on Past Audits**
The RIAT conducts follow-up procedures to ascertain the District's progress towards implementing changes in response to audit recommendations. The RIAT completed its update and provided a summary of outstanding recommendations at various meetings.
- **Safe Schools**
The RAIT team met with management in September 2023 to discuss the scope and met with Principal as Safe Schools in February 2024 to begin the process review.

- **Legislative Requirements**

This is a board wide review of the risk assessment on the board's compliance with relevant legislation and regulations. An initial planning meeting took place in the summer 2023. In November 2023 terms of reference were sent and after management discussions and revisions they were approved in January 2024. A strategic Ontario-East legislative workshop was held in March 2024.

9. **Review of Financial Projections**

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

Finance staff presented Report 23-086, which provided an analysis of the Districts Financial Results for 2022-23.

Finance Staff also presented Report 24-005 Revised Estimates to the Audit Committee at the 21 February 2024 meeting. The forecast showed no change in the overall deficit position.

10. **Risk Management**

The duties of the Audit Committee related to the District's risk management activities include inquiring about significant risks, reviewing the District's policies for risk assessment and risk management and ensuring there is adequate insurance to cover risks. Significant risks are brought to the attention of the Audit Committee through the Director of Education, the Chief Financial Officer and other senior staff. External and internal auditor reports also contribute to risk management.

Aligned with the risk management activities, the Audit Committee reviewed draft Policy P.073.GOV, Board Member Code of Conduct.

11. **Regulatory Compliance**

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

12. **Oversight of Internal Controls and Regulatory Compliance Reporting**

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

- responsibilities of Audit Committee and the role of the internal auditor;
- information technology and information security;
- progress on budget development activities;
- adherence to purchasing policies and procedures;

- insurance coverage, injury prevention and business continuity considerations; and
- incidents that may result in significant financial and reputational risk.

13. **Mandatory Audit Committee Reports**

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

In October 2023, Audit Committee approved the mandatory reports for 2022-2023 and the report summarizing the work of the RIAT was submitted to the Ministry.

14. **Summary**

Audit Committee performs work that contributes to the District's successful corporate governance framework. The work performed by the Audit Committee during 2023-2024 continues to inform the District's internal control, risk management, and financial reporting processes.

RESOURCE IMPLICATIONS:

15. Approval of the report has no financial impact.

COMMUNICATION/CONSULTATION ISSUES:

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

RECOMMENDATION:

THAT Report 24-132 be approved as the Audit Committee Annual Report to the Board for 2023-2024.

Randall Gerrior
Associate Director Education - Business

Pino Buffone
Director of Education and
Secretary of the Board