



AUDIT COMMITTEE REPORT (PUBLIC)

Wednesday, March 27, 2019

7:00 pm

Trustees' Committee Room

133 Greenbank Road

Ottawa, Ontario

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

Staff and Guests: Camille Williams-Taylor (Director of Education), Michael Carson (Chief Financial Officer), Jan Mattingly (Risk Management Advisor, Consultant), Gord Champagne (Senior Regional Internal Auditor), Kevin Gardner (Manager of Financial Services), Sandra Lloyd (Manager of Risk and Supply Chain Management), Nicole Guthrie (Board/Committee Coordinator)

1. Call to Order

Chair Schwartz called the public session to order 7:03 p.m. and acknowledged that the meeting is taking place on unceded Algonquin Territories and thanked the Algonquin Nations for hosting the meeting on their land.

2. Approval of Agenda

Moved by Trustee Fisher,

THAT the agenda be approved.

Carried

3. Delegations

There were no delegations.

4. Superintendent's Report

CFO Carson advised that the Ministry has recently announced changes to class sizes and funding and staff have been working with the information as it is released. The Board approved academic staffing at its 26 March 2019 meeting.

Chair Schwartz queried whether or not it is the intent of the province to manage the staffing losses due to changes in class sizes through attrition, CFO Carson responded that the province will adjust the staffing to the new average and will fund the difference and everything except the attrition. The Ministry has indicated the attrition funding will be phased out over four years.

5. Orientation to Audit Committee Presentation

5.1 Introduction of Genevieve Segu, Regional Internal Audit Manager

CFO Carson advised that the new Regional Internal Audit Manager, Genevieve Segu, was unable to attend due to illness. CFO Carson noted that Manager Segu was the former Manager of Internal Audit for Toronto Community Housing Corporation. CFO Carson anticipated that under her direction the Audit Plan may be revised. The presentation by Manager Segu will be added to the 22 May 2019 meeting of the Audit Committee.

6. Matters for Action

6.1 Review of Audit Committee Report

a. 21 January 2019

Moved by Trustee Penny,

THAT the Audit Committee report dated 21 January 2019 be received.

Carried

b. Business Arising

There was no business arising from the report.

7. Matters for Discussion

7.1 Report 19-016, Strategic Enterprise Risk Management Framework

Your Committee had before it Report 19-016, Strategic Enterprise Risk Management, providing information on the District's plans to implement a Strategic Risk Management (SERM) framework with the assistance of the Ontario School Board Insurance Exchange (OSBIE).

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

- A SERM framework will enhance the District's strategic planning and operational processes by minimizing its risk exposure;
- The framework is aligned with the International Standards Organization (ISO) 31000 model, customized for Ontario School Districts and supported by a toolkit and guide developed by Ontario School Boards' Insurance Exchange (OSBIE) and Council of School Business Officials of Ontario (COSBO);
- The SERM project plan will be conducted in two phases. It is anticipated that Phase 1 will be complete by the end of June 2019:

- Phase 1 deliverables include the completion of the SERM readiness assessment and the project plan for Phase 2 with expected implementation in the fall of 2019;
- The SERM framework will be tailored and scaled to the District's specific needs;
- The framework will assist in identifying key risks under a District-wide approach, consistent with a District-approved risk appetite policy and risk register;
- The District currently manages risk but does not have a formal framework or risk tolerance. Risk is viewed in varying ways across the District and it is the responsibility of all staff but direct responsibilities are unclear;
- In assessing readiness the District's current strengths and gaps will be analysed in comparison to an ISO 31000 standard;
- The ISO 31000 standard will help the organization advance a tailored approach to risk management;
- The introduction of the SERM framework will enable risks to be reviewed against objectives and key business processes;
- A goal of SERM is to ensure decision makers are comfortable with scaling the risk management process;
- SERM will assist the District in its ability to articulate the impact of Ministry and industry changes;
- Trustee Fisher expressed the view that risk and the staff evaluation of risk should be a part of reports provided to trustees. He commented that the work of the Board relates directly to the impact of decisions on student well-being and student learning and trustees must be aware of the risks. He highlighted the \$700 million backlog and the risk to sustainability targets and the building envelope;
- Trustee Fisher noted that risk extends to program delivery as well. Delays in assessment and referrals and access to technology create a risk to student achievement;
- Trustee Fisher commented on the importance of succession planning, noting the risks associated with managing people;
- The District does not control a large part of the budget and therefore it is a risk, unless other funding opportunities are investigated;
- In response to a query from Trustee Penny regarding the scalability of the process and its impact on staff, CFO Carson responded that staff understand the benefits to the organization and have discussed ways to ensure SERM is part of their current processes. Ms. Mattingly added that SERM will be scaled and incremental;
- In response to a query from Trustee Penny regarding the impact of SERM on trustees, Ms. Mattingly advised that communication of risk does not happen outside regular communication channels. Trustees can expect interaction on the matter of risk through the Audit Committee. As

readiness is assessed, the team can determine the extent to which the Board or Audit Committee would like to have input into decisions;

- Trustee Penny expressed the view that the Board should understand the risk involved in the decision especially in instances of significant expenditures or matters which impact the reputation of the Board;
- Trustee Fisher noted that the recent example involving the operational review of Learning Support Services, highlight the risks associated with the delivery of services;
- Chair Schwartz noted the Audit Committee members support of the audit committee serving as champions to assist in the success of the SERM project and implementation;
- Chair Schwartz commented on the importance of aligning the SERM with the 2019-2023 Strategic Plan;
- Chair Schwartz noted that reports often outline the financial implication of a recommendation but the other risks associated with the recommendation are missing. She added that the benchmarks have not been created internally to allow the Board to determine success in achieving goals;
- A complete understanding of risk and the improved monitoring of success factors would help the Board be more precise in its advocacy efforts;
- The RIAT will support the SERM framework and will be advising the committee as the process proceeds;
- Mr. Champagne noted that areas of high risk will be identified by the District and the RIAT can focus its resources on high risk initiatives;
- Chair Schwartz noted the importance of including key performance indicators to certain objectives within the Strategic Plan in order to report on progress; and
- An update on phase one of the SERM project will be provided to members at the 22 May 2019 Audit Committee meeting;

8. Information Items

8.1 Long Range Agenda

A draft long range agenda and work plan was provided for information. CFO Carson noted that the revised long range agenda was reworked to include all of the elements of the regulation to ensure the committee is meeting its requirements.

9. New Business

CFO Carson advised that the Ministry has announced their intention to review a centralized procurement initiative and the introduction of interim measures. The District has been advised that where possible, it not enter into contracts that extend beyond two years and to use either provincial vendors of record or Ontario Education Collaborative Marketplace (OECM) for any contracts over \$25,000, with the exception of construction projects. While a central purchasing group previously

existed, the system became cumbersome and school boards now use their own discretion, sharing on large contracts where applicable and appropriate.

CFO Carson noted that while OECM has improved, a centralized process will be difficult for some school boards to adopt. There may be some savings but it will require a significant investment in infrastructure.

Trustee Penny expressed the view that the Ontario Public School Boards' Association (OPSBA) may wish to provide comment to the Ministry on the initiative. CFO Carson advised that the Ministry will be engaging all stakeholders, including OPSBA.

Chair Schwartz commented that while there may be a financial incentive to participate, it could cost more for some products. She expressed concern over possible time delays owing to the submission of procurement rationale reports and a planned procurement report.

Construction projects above the \$25,000 threshold are exempt.

Trustee Fisher requested that an upcoming meeting of the Audit Committee provide members with an update on the work of the RIAT and how its work cycles back to the Ministry.

10. Adjournment

The public meeting adjourned at 8:03 p.m.

Sandra Schwartz, Chair, Audit Committee