



**AUDIT COMMITTEE  
Report No. 19-073**

**25 September 2019**

**2018-2019 Annual Report on Internal Audit Activity**

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**PURPOSE:**

1. To seek Audit Committee approval of Appendix A to Report 19-073 as its annual report to the Board summarizing the work performed by the regional internal audit team (RIAT) during 2018-2019 in accordance with *Ontario Regulation 361/10, Audit Committees*.

**CONTEXT:**

2. *Ontario Regulation 361/10* requires that a summary of work performed by the RIAT be provided to the Board and that a copy of the report be submitted to the Ministry of Education. Appendix A presents the information in Ministry-prescribed format. This report is in compliance with the requirements set out in the regulation and covers the period 01 September 2018 to 31 August 2019.

**KEY CONSIDERATIONS:**

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

A key responsibility of the Audit Committee is to work with the RIAT which supports the Committee by providing analyses, assessments, recommendations and advice that contribute to the effectiveness of risk management, internal control, and governance processes. The RIAT is led by the regional internal audit team manager who reports administratively to the senior business official

of the host board (Ottawa Catholic School Board) and functionally to the audit committees in the region.

In June 2015, Audit Committee approved the 2015-2020 Risk-Based Internal Audit Plan which has guided the work of the internal audit team. Audits identified in the plan focus on various policies and processes including those relating to school generated funds, health and safety, staffing and information technology. The timing and scope of the anticipated work shown in the multi-year plan is, in consultation with Audit Committee, confirmed with the approval of the annual internal audit plan which is developed with consideration of emerging priorities.

The 2018-2019 Internal Audit Plan was approved on 26 September 2018. In addition to finalizing the work initiated in the preceding year, the following work was planned:

- a risk assessment update;
- audit of information technology security policy and practices;
- audit of attendance support programs and practices;
- a review of construction procurement in support of student learning and accommodation planning initiatives;
- follow-up procedures on the continuing education and school council funds audits; and
- follow-up procedures on the health and safety audit that had originally been planned for 2017-2018.

The RIAT experienced a change in leadership in 2018-2019. Line Robitaille, the incumbent manager, resigned in September 2018 which resulted in the need to defer the risk management update and planned audits. The new manager, Genevieve Segu, assumed the role in early January 2019 and commenced a review of the status of past audits and the needs of the nine school boards which she supports. Consequently, the RIAT's work was limited to presenting completed audits and commencing follow-up reviews.

#### 4. **Final Report: Records and Information Management Audit**

In September 2018, the audit of records and information management (RIM) programs was presented. The audit, which focused on the period from September 2016 to March 2018, had the following objectives:

- to verify compliance with Board policies, procedures, laws and regulations;
- to assess the program area's internal controls; and
- to examine the effectiveness and efficiency of RIM processes.

The District's RIM program makes use of two discrete business systems. The Infolinx system is used to manage the life cycle of physical records. The life cycle includes record creation, storage, and destruction in accordance with the District's records retention policy. The Laserfiche system is an enterprise content management (ECM) solution that allows records of all types to be managed in an electronic format. Use of the ECM system continues to increase

and opportunities to enhance business processes using workflow automation are being pursued. The audit focused on the following processes:

- the filing, classification, safeguarding, retention and disposal of paper and electronic records;
- the handling of Freedom of Information requests;
- the application of the Board’s privacy breach protocol;
- consent forms and confidentiality agreements; and
- employee awareness and training.

Although a number of strong management controls and processes were observed during the audit, opportunities to enhance current practices were identified that would strengthen controls relating to records and information management. An overall rating of “moderate” was assigned to the audit. Of the six observations, three were considered to be medium priority meaning that timely consideration of opportunities to improve internal control was appropriate. The other three areas were assessed as low priority. The overall rating means that the controls evaluated expose the District to a moderate risk of potential or direct financial loss and operational risk.

The audit confirmed that staff’s efforts to improve administrative practices over the last few years have been effective.

#### 5. **Final Report: Extended Day Program Audit**

In November 2018, the audit of the Extended Day Program (EDP) was presented. The audit, which focused on processes and documentation relating to the 2016-2017 and 2017-2018 school years, had the following objectives:

- to obtain an understanding of the key administrative, operational and financial processes relating to the EDP;
- to ensure the Board is in compliance with legislative requirements relating to the program;
- to assess the adequacy and effectiveness of associated internal controls; and
- to identify opportunities for control or process improvements.

Although a number of strong management controls and processes were observed during the audit, opportunities to enhance current practices were identified that would strengthen controls relating to various aspects of the program. An overall rating of “moderate” was assigned to the audit. The rating means that the controls as evaluated, expose the District to potential or direct financial loss and operational risk.

Of the twelve observations, five were considered to be medium priority and five areas were assessed as low priority. The ratings of medium and low mean that timely consideration of opportunities to improve internal control is appropriate. Two recommendations were considered to be high priority and focused on the need to leverage business automation solutions and to enhance resource allocation processes.

The audit confirmed that staff has successfully managed many aspects of this complex program. The action plans developed in response to the audit recommendations continue to enhance the District's administrative practices and internal control environment.

6. **Follow-up Procedures on the Audit of Patch and Release Management**

In March 2017, the RIAT completed an audit of processes supporting patch and release management relating to the District's human resources and payroll system. A number of recommendations were made which focused on the need to ensure that the software environment was maintained on a current basis.

In November 2018, the findings of follow-up procedures were presented to Audit Committee. The findings showed that staff was actively engaged in testing the newest version of the software. Since then, the District's finance, human resources and payroll systems have been fully migrated to the most current versions and processes have been established to manage future updates.

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

In May 2019, the RIAT commenced follow-up reviews on the audits of records and information management, the EDP, continuing education, health and safety, and patch and release management. The reviews are only focused on outstanding recommendations relating to the audits. The findings will be presented during 2019-2020.

8. **Internal Audit Meeting Participation**

RIAT staff participated in three of the five Audit Committee meetings held during the year. Ms. Genevieve Segu, RIAT manager, introduced herself to committee members at the 22 May 2019 meeting. At the meeting, she presented her plan to provide more frequent reporting on the status of past audit recommendations. She also indicated her intent to use technology to analyze data and advised that the 2019-2020 audit plan and risk assessment would be aligned with the District's work on the strategic enterprise risk management framework.

9. **Completed and Planned Enrolment Audits**

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

## **RESOURCE IMPLICATIONS:**

10. Approval of the report has no financial impact.

## **COMMUNICATION/CONSULTATION ISSUES:**

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

## **STRATEGIC LINKS:**

12. An effectively functioning Audit Committee and approach to risk management is a key component of a focus on sustainably allocating resources. Independent reviews performed by the RIAT assist in identifying opportunities to enhance operational practices to effectively and responsibly manage human and financial resources in support of students.

## **RECOMMENDATION:**

THAT Appendix A to Report 19-073 be approved as the 2018-2019 Annual Report on Internal Audit Activity.

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Michael Carson  
Chief Financial Officer

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

## **APPENDICES:**

Appendix A – 2018-2019 Annual Report on Internal Audit Activity (Ministry Format)