

**AUDIT COMMITTEE
Report No. 20-002**

22 January 2020

Regulatory Compliance

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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 2018-2019 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.

4. Managers in the District have provided an attestation to their respective superintendents that, for the 2018-2019 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 inspections, Technical Standards & Safety Authority (TSSA) inspections, Electrical Safety Authority (ESA) inspections, etc.
5. The following are some examples of areas where departments are working on developing processes and controls to achieve full compliance:
 - a. One area identified by Supply Chain Management (SCM) as substantial compliance is the Comprehensive Economic and Trade Agreement (CETA) and Canadian Free Trade Agreement (CFTA). SCM 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 achieve a 50% diversion rate. Partial compliance on average of 24% has been achieved to date as all schools do not actively participate in a recycling program;
 - c. Under the *Education Act* a plan has been developed to re-establish compliance with the requirements related to the completion schedule for teacher, principal and vice-principal performance appraisals; and
 - d. With respect to the *Accessibility for Ontarians with Disabilities Act* (AODA), some new staff have not yet been trained as required. An online training module with enhanced Human Rights content is being developed and is to be rolled out to all staff, including new employees.
6. 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 keeps 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:

7. 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:

8. 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:

9. 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:

10. 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?

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

APPENDICES

Appendix A - Regulatory Compliance Memorandum