

## **AUDIT COMMITTEE REPORT (PUBLIC)**

**Wednesday, January 22, 2020**

**7:00 pm**

**Trustees' Committee Room**

**133 Greenbank Road**

**Ottawa, Ontario**

- Members:** Sandra Schwartz (Trustee), Mark Fisher (Trustee) (electronic communication), Erik Husband (External Member), Annik Blanchard (External Member)
- Staff and Guests:** Mary Jane Farrish (Superintendent of Instruction), Shawn Lehman (Superintendent of Instruction), Kevin Gardner (Manager of Financial Services), Sandra Lloyd (Manager of Risk and Supply Chain Management), Genevieve Segu (Regional Internal Audit Manager), Gord Champagne (Senior Regional Internal Auditor), Wajid Zumar (Student Senate), Leigh Fenton (Board/Committee Coordinator)

1. **Call to Order**

Superintendent Farrish called the public session to order at 7:04 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. **Election of Chair**

Superintendent Farrish suggested that a pro tem chairperson be called to act in place of an elected chair and that the item be deferred until the next Audit Committee meeting.

**Moved by Erik Husband,**

**That Sandra Schwartz be appointed chairperson pro tem for the Audit Committee meeting of 22 January, 2020.**

**Carried**

3. **Approval of Agenda**

**Moved by Mr. Husband,**

**THAT the agenda be approved.**

**Carried**

4. Delegations

There were no delegations.

5. Superintendent's Report

Manager Gardner reported on the Strike Operations Unit. The situation is being actively managed internally by the Strike Management Committee.

He announced that beginning in February 2020, Financial Services enters into the budget planning phase. He predicted that this would be a challenging budget year given the settlements of labour contracts. Contingency planning is crucial. Pieces of information, including grant announcements, will become available over the next few months to aid in developing the budget for approval in June 2020.

6. Matters for Action

6.1 Review of Audit Committee Report

a. 25 November 2019

**Moved by Ms. Blanchard,**

**THAT the report from the Audit Committee, dated 25 November 2019, be received.**

**Carried**

b. Business Arising

There was no business arising.

6.2 Report 20-003, 2019-2020 Revised Estimates (M.Carson, ext. 8881)

Your Committee had before it Report 20-003, explaining changes reflected in the District's 2019-2020 Revised Estimates as compared to the District's 2019-2020 Budget and to seek approval of the In-Year Deficit Elimination Plan (the Plan) as required by the Ministry of Education.

Manager Gardner explained that when the revised estimates are examined, changes in enrollment are considered along with other items that would have a material impact on projected year end results.

During the presentation of the report and in ensuing discussion, the following points were noted:

- The revised estimates show a budgeted deficit of \$8.4 M;
- Average daily enrolment (ADE) decreased by net 75 students which decreased the majority of allocations that comprise the Grants for Student Needs (GSNs);

- The Teacher Qualifications and Experience Grant decreased to reflect teacher demographics, along with increased classroom teacher attrition that reduced job protection funding;
- The Indigenous Education allocation increased and reflected higher enrollment in secondary courses that qualify for the Indigenous studies amount;
- The Transportation Grant decrease reflects lower enrolment and incorporates funding adjustments driven by prior year costs;
- International student enrolment decreased by 28 students;
- Increased provision for occasional teacher costs are supported by net instructional compensation savings;
- The budget for the Extended Day Program anticipated a surplus which will be used to offset the expected deficit for the Infant, Toddler and Preschool Program;
- There are increased Facilities Department operating costs (utilities, maintenance) and increased spending on portable relocations as a result of demographic changes and program needs;
- Funds set aside for the acquisition of minor tangible capital assets (MTCA) are being used to support operations;
- Deferred capital contributions and related amortization expenses both decreased as a result of the remaining service life review conducted last year, as directed by the Ministry of Education;
- The use of accumulated surplus is anticipated to support capital investments; and
- In response to a query from Trustee Schwartz, Manager Gardner explained a review of the facility operations pressures is provided on folio 14. He added that of the total facilities overspending projection, \$600,000 relates to facilities renewal operating needs. Funding for facility renewal operating costs is restricted by the Ministry.

Manager Gardner explained that the EDU has set a new requirement that an in-year deficit elimination plan be prepared and adhered to in order to eliminate the deficit over two years.

**Moved by Trustee Fisher**

**THAT the In-Year Deficit Elimination Plan attached as Appendix E to Report 20-003 be recommended to the Board for approval.**

**Carried**

## 7. Matters for Discussion

### 7.1 Report 20-001, Purchasing Policies Exceptions (M.Carson, ext. 8881)

Your Committee had before it Report 20-001, providing information on purchasing policies exceptions.

Manager Lloyd presented information on the process for non-competitive procurement and purchasing policies exceptions. There have been consistent reporting results for the past three years.

### 7.2 Report 20-002, Regulatory Compliance (M. Carson, ext. 8881)

Your Committee had before it Report 20-002, providing information on the processes and controls in place to ensure that the District is in compliance with key regulations and statutes.

Manager Lloyd reviewed processes and procedures to achieve compliance in the organization.

During the presentation of the report and in ensuing discussion, the following points were noted:

- On folio 45, section 5, areas of partial compliance are noted;
- The Regulatory Compliance memorandum inside the agenda package was not signed, however a signed version is retained by the Corporate Records Department;
- Trustee Fisher requested confirmation that the Certificate of Compliance is shared with the Board of Trustees to ensure fiduciary responsibilities. He suggested that best practices be reviewed for certifying compliance with the Board;
- Mr. Husband expressed that the wording on folio 45, item 6 was understood and suggested the removal of the paragraph;
- Trustee Schwartz expressed concern that not all schools participate in a recycling program and partial compliance on average has been achieved at 24%. Manager Lloyd responded that more information can be acquired from the Facilities Department on the recycling program.

## 8. Information Items

### 8.1 Internal Audit Activities Update

Manager Segu advised that the purpose of the Internal Audit Activities Update was to provide the Committee with an update from the Regional Internal Audit Team on the progress of the 2019-20 Internal Audit. She highlighted the following:

- Benchmarking for the Attendance Support Program Review is time-consuming but the auditors have completed the field work;
- Attendance Data Visualization is near completion with minor work remaining; and
- There are a significant amount of recommendations region-wide that require follow-up and more capacity has been added to ensure task fulfillment by May 2020 when the final report is due.

## 8.2 Long Range Agenda

The long range agenda was provided for information.

Mr. Husband expressed his support that Chief Financial Officer Carson intends to follow-up on the workplan with the new Chair.

## 9. New Business

Mr. Husband highlighted the World Health Organization announcement of the current novel coronavirus outbreak and encouraged any necessary policy revisions to prevention. Manager Lloyd acknowledged that work the District intends to provide parents with more information on the illness.

## 10. Adjournment

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

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Sandra Schwartz, Chair, Audit Committee