

AUDIT COMMITTEE REPORT (PUBLIC)

Wednesday, September 23, 2020

7:00 pm

Zoom Meeting

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

Staff and Guests Camille Williams-Taylor (Director of Education), Michael Carson (Chief Financial Officer), Lynn Scott (Chair of the Board) Justine Bell (Trustee), Genevieve Segu (Regional Internal Audit Team (RIAT) Manager), Gordon Champagne (Senior Regional Internal Auditor), Rob Clayton (Lead Audit Engagement Partner KPMG LLP), Rebecca Prophet (Audit Senior Manager KPMG LLP), Kevin Gardner (Manager of Financial Services), Sandra Lloyd (Manager of Risk and Supply Chain Management), Rebecca Grandis (Senior Board Coordinator)

1. Call to Order

Trustee Fisher called the public session to order at 7:00 pm 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 Schwartz

THAT the agenda be approved.

Carried

3. Delegations

There were no delegations.

4. Superintendent's Report

Chief Financial Officer (CFO) Carson advised that his report would be included in the COVID-19 Update.

5. COVID-19 Update

CFO Carson providing the following update:

- the province was not in a position to make a decision about the reopening of schools in June. School boards were asked to develop three plans for return: one based on full return to school; one based on a hybrid return to school; and, one on a total virtual return. The Ministry would advise which plan would go forward in August;
- Plans for the models were developed quickly and the model changed on a number of occasions as direction from the province changed;
- A draft budget was presented in July 2020, and additional announcements of provincial funding continued throughout the budget process;
- the province provided additional funding to school boards for additional cleaning requirements, transportation costs and teacher staffing;
- the province changed the regulation to allow school boards to allow for deficit budgets for up to 2% of operating revenues and staff recommended that the District use the 2% in its recommended budget;
- on 26 August 2020 the province announced that an additional \$400 million would be allocated to school boards directed at transportation, the establishment of virtual schools and other emerging issues;
- the additional funding allowed the District to approve a balanced budget with the use of accumulated surplus;
- there was no change to the benchmark funding, both in-person and virtual learning would be funded in the same way;
- classes in the in-person schools were kept as small as possible;
- the virtual school contains one secondary school and six elementary schools;
- the Ministry announced that it would provide personal protective equipment (PPE) to school boards;
- the Human Resources department continues to recruit additional staff based on the funding from the province for additional teachers;
- additional custodial staff are being recruited to ensure enhanced cleaning protocols are maintained;

- provincial funding was allocated for ventilation enhancement, the amount was not sufficient to carry out major mechanical work but additional HEPA filters have been procured;
- staff continue to monitor ventilation and continue to look to ways to improve air flow;
- staff will provide regular updates on financial commitments;
- it is anticipated that there will be additional funding provided to school boards in December or January;
- staff are being cautious with expenditures; and
- the focus of the District is to provide a safe environment for staff and students.

6. Matters for Action:

6.1 Review of Audit Committee Report:

a. 11 June 2020

Moved by Trustee Schwartz

THAT the Audit Committee report dated 11 June 2020 be received.

Carried

b. Business Arising

There was no Business arising

6.2 Report 20-073, External Auditor's Audit Plan for the 2019-2020 Year-End Audit (M. Carson)

Your Committee had before you Report 20-073, the External Auditor's Audit Plan for the 2019-2020 Year-End Audit.

Mr. Rob Clayton, and Ms. Rebecca Prophet of KPMG, LLP, were in attendance to present the audit plan and the following points were noted:

- Mr. Clayton noted as a result of the unusual circumstances of COVID-19, the operations of the audit have not changed but the processes and risks were adjusted;
- the audit will be conducted virtually, and Mr. Clayton had no concerns about the ability to obtain the necessary information to complete the audit;
- the auditors will be required to look at key processes as they relate to the financial statements and part of the work this year will be identifying what changes in process occurred as a result of working remotely and look for

any risks or gaps that may have resulted because of that change, ensuring that the altered controls put in place are appropriate;

- recorded liabilities, construction and related activities and contracts will be reviewed as these areas are more prone to risk during a pandemic;
- reconciliation with Ministry funds will be conducted as many changes and alterations have occurred;
- a note on the impact of COVID-19 on the organization of the Board will be provided in the financial statements;
- cyber risk and the risk with respect to receivables will be reviewed;
- there have been changes in controls, segregation of duties and changes in individuals performing tasks as a result of COVID-19;
- although the closure happened within the year, the event window will stay open as there may be events in the coming weeks that need to be reflected in the financial statements approved in November;
- there will be no change to the audit approach to group audits but given the values of salaries and benefits, payroll processes will be a key area to evaluate as individuals moved to remote working environments;
- school generated funds and school council audits are underway;
- the materiality, used to identify material misstatements, is \$13 million, increased from \$12 million last year;
- the year-end field work will commence in October and the audit findings report will be presented in November; and
- information about upcoming changes regarding estimates will have an impact next year and the asset retirement obligations have been deferred for another year.

During the question period the following responses were noted:

- As a result of the closure in March, school councils were unable to conduct meetings or spend funds that had been raised. It may be a challenge to gather all of the information necessary for the required June reporting. CFO Carson was not aware of any concerns as a result;
- There are no concerns anticipated with obtaining the school generated funds information to conduct audits as the records are intact up to March 2020. KPMG auditors will report back to the committee if there are any concerns;

- the increase in fees for the school generated and school council audits ensures that the District will receive more detailed information than that is covered through procedures in the audit of the financial statements;
- the Ottawa Student Transportation Authority (OSTA) and the Ottawa-Carleton Education Network (OCENET) are not considered material to the operation of the Board because of the component dollar value; and
- the loss of revenue from OCENET is not material to the operation of the Board.

Moved by Erik Husband,

THAT KPMG LLP's plan for the audit of the 2019-2020 Consolidated Financial Statements be approved. (Attached as Appendix A)

Carried

7. Matters for Discussion:

7.1 Regional Internal Audit Manager Update 2020-2021

Ms. Genevieve Segu, the Regional Internal Audit Team (RIAT) Manager provided an oral update on her plan for the 2020-2021 school year. A more fulsome report will be presented at the October 21, 2020 Audit Committee meeting.

In her update Ms. Segu noted the following points:

- the RIAT plan for the 2020-2021 school year is complete;
- there were 37 engagements across the District and 21 have been finalized;
- 8 engagements are in process and are related to in-person strategic enterprise risk management (SERM) workshops which were unable to take place as a result of COVID-19, they will take place in October and November 2020;
- the RIAT will take a closer look at the OCDSB risk document to ensure that their work is aligned with Board priorities and that work is not being duplicated; and
- a number of initiatives are moving forward including a Cyber security Engagement Framework, planned online, for October 8 and 9, 2020.

7.2 Item Presented 11 June 2020

CFO Carson advised noted that Memo 20-076 outlines previously distributed information, and should there be any questions committee members could contact him or Trustee Fisher.

8. Information Items:

8.1 Long Range Agenda

CFO Carson advised he will review the long range agenda to look at items that can be included for future meetings.

9. New Business

In response to a query about financial updates, CFO Carson noted that he committed to providing an update on the financial impact of COVID-19 to the Committee of the Whole and to the Board. The update will be shared with the Audit Committee.

Trustee Fisher reminded the Committee that the District is currently seeking external audit committee members. He noted that more information can be located on the website.

10. Adjournment

The public meeting adjourned at 8:16 p.m.

Mark Fisher, Chair, Audit Committee