

APPENDIX A: Annual Audit Committee
Report to the Ministry of Education for the year
ended August 31, 2020

**Annual Report to the Board of Trustees and forwarded to the Ministry of Education
For the year ended August 31, 2020**

District School Board Name: Toronto District School Board

Fiscal Year: September 1, 2019 to August 31, 2020

Re: Annual audit committee report to the Ministry of Education as per Ontario Regulation 361/10

During the 2019-20 fiscal year, the following internal audits or other engagements were started by the GTA Regional Internal Audit Team (RIAT) but not completed by August 31, 2020:

- Professional Development Audit (Status at August 31: Reporting Phase)
- Programming and Staff Utilization Review – Benchmarking (Status at August 31: Reporting Phase)
- Transportation (Status at August 31: Planning Phase)

In addition to those listed above, the following audits were completed and presented by the GTA RIAT in the 2019-20 fiscal year:

- Risk Assessment and 3 year Audit Plan

Based on the draft RIAT internal audit plan, we are not expecting any enrolment audits to be conducted by the RIAT.

_____	_____	<u>2019-2020 Audit Committee Chair</u>
Date	Signature	Title

APPENDIX B: Annual Audit Committee
Report to the Board of Trustees for the year
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ANNUAL AUDIT COMMITTEE REPORT TO THE BOARD OF TRUSTEES AS PER ONTARIO REGULATION 361/10 FOR THE YEAR ENDED AUGUST 31, 2020

This report summarizes the Audit Committee's actions for the year ended August 31, 2020.

Audit Committee Members

The Audit Committee consisted of 7 members, listed below:

Trustee Members:

- James Li (Chair)
- Michelle Aarts
- Christopher Mammoliti
- Robin Pilkey

External Members:

- Mark Hughes
- Ian Mackay
- Mary Preece – Term Began January 2020
- Denise Arsenault – Term Ended January 2020

In addition, regular attendees at the Committee meetings were:

- Carlene Jackson – Associate Director of Business Operations and Service Excellence / Interim Director of Education
- Manon Gardner – Associate Director of School Operations and Service Excellence
- Craig Snider – Executive Officer, Finance / Interim Associate Director of Business Operations and Service Excellence
- Leola Pon – Executive Officer, Legal Services
- Marisa Chiu – Assistant Comptroller / Interim Executive Officer, Finance
- Pina Colavecchia – Deloitte LLP, External Audit Engagement Partner
- Lilian Cheung – Deloitte LLP, External Audit Engagement Senior Manager
- Paula Hatt – Regional Internal Audit Team Senior Manager
- Wasif Hussain – TDSB Internal Audit Manager

Administrative Tasks

At the beginning of the year and in accordance with recommended good practice, various administrative tasks were completed. These included:

- Election of Committee Chair
- Summary of O.Reg361/10 for new Committee Members
- Tracking of Committee work plan to ensure compliance with O.Reg 361/10;
- Presentation of meeting schedule and anticipated agenda for the year.

Meetings

It was agreed to hold four meetings throughout the year, with a fifth meeting, from July to August, if necessary; the minimum required by O.Reg 361/10 is three meetings. All meetings have been held as planned, with the exception of March 23, 2020, which was cancelled after the Ministry of Education announced the closure of schools due to COVID-19; all subsequent meetings were held virtually.

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The members in attendance at each meeting were as follows: (✓ = in attendance and ✕ = not in attendance)

	September 23, 2019	December 9, 2019	March 23, 2020 Cancelled	June 22, 2020
Trustees:				
Michelle Aarts	✓	✓		✓
James Li	✓	✓		✓
Christopher Mammoliti	✓	✓		✓
Robin Pilkey	✓	✓		✓
External Members:				
Denise Arsenaault	✕	✓		
Mark Hughes	✓	✓		✓
Ian Mackay	✓	✓		✓
Mary Preece				✓

Governance

The Audit Committee operated throughout the fiscal year ending August 31, 2020. All of the members satisfied the eligibility requirements in accordance with Ontario Regulation 361/10.

External Auditors

The relationship with the external auditors has been satisfactory and private meetings were held during the year. The external auditors, Deloitte LLP, presented the scope and extent of their work for the Committee, which the Committee reviewed and recommended for approval at the September 23, 2019 meeting.

The external auditors confirmed their independence in the letter dated December 2, 2019. The audit committee reviewed and recommended the approval of the annual audited financial statements on December 9, 2019. The Audit Committee had also recommended approval of the 7-Month Accountant's report for period September 1, 2019 to March 31, 2020 on June 22, 2020.

Internal Auditors

The relationship with TDSB Internal Audit as well as the GTA Regional Internal Audit Team has been satisfactory and private meetings were held during the year. The annual TDSB Internal Audit plan was reviewed and received on September 23, 2019. The Committee also solicited feedback from two other Committees to arrive at the RIAT three year audit plan for the 2020 to 2022 fiscal years, presented December 9, 2019. Plan updates have been presented throughout the year.

The RIAT performed the following work since the 2019 annual report of the committee:

Planned Audits	Status	Presented to Audit Committee on
Professional Development Audit	In-Process	Anticipated Completion – Winter 2020
Programming and Staff Utilization– Benchmarking	In-Process	Anticipated Completion – Winter 2020
Transportation	In-Process	Scope presented June 22, 2020, Committee requested RIAT to engage TCDSB

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Other Work Performed	Status	Presented to Audit Committee on
RIAT 3 Year Audit Plan	Completed	December 9, 2020

TDSB Internal Audit performed the following work since the 2019 annual report of the committee:

Planned Audits	Status	Presented to Audit Committee on
FY2019-20 School Operational Audit (16 Schools)	Completed	June 22, 2020
Off-Peak Purchase Card Usage Audit	Completed	June 22, 2020
FY2019-20 Purchase Card Transaction Review	In-Process	Anticipated Presentation – Winter 2020
One-Time Vendor Process Audit	Draft Report	Anticipated Presentation – Spring 2021
Mobile Device Usage Monitoring Audit	Draft Report	Anticipated Presentation – Winter 2020

Unplanned Audits	Status	Presented to Audit Committee on
Forensic Financial and Process Investigations	Ongoing	Summary report at each meeting
Ad hoc requests and consulting engagements	Ongoing	Summary report at each meeting

Other Work Performed	Status	Presented to Audit Committee on
TDSB Internal Audit Plan	Completed	September 23, 2019
Updated TDSB Internal Audit Plan	Completed	June 22, 2020
Contractor Spend Analysis	Completed	Anticipated Presentation – Fall 2020

For all completed audits, the following is a summary of risks and findings made by the RIAT and TDSB Internal Audit.

Audit	Context	Risks	Findings	Action Plan
FY2019-20 School Operational Audits (Presented June 22, 2020)	<ul style="list-style-type: none"> Key Operational, Financial & Enrolment Reporting related controls were reviewed. Due to labour actions & COVID-19, fieldwork could only be conducted at 16 schools. 	<ul style="list-style-type: none"> Risk that adherence to procedures in place including key operational, financial and enrolment reporting controls are not adequately implemented or monitored. 	<ul style="list-style-type: none"> Interior & exterior safety checks not documented (50%); Excursion forms not completed / retained (38%); Deposit vouchers and logs not completed / signed for all funds received (50%); class lists not used to support amounts collected from students (50%); low KEV utilization rates (38%). Unnecessary retention of Student / Guardian personal information (56%); Accurate enrolment reporting (25%) 	<p>Schools audited respond with school specific action plans; follow-up audits will be conducted subsequent to the completion of the individual action plans.</p> <p>TDSB is also developing electronic tools for excursion management including operational and financial controls (linked to KEV).</p> <p>New attestation form minimizes the retention of personal information.</p>

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Audit	Context	Risks	Findings	Action Plan
Off-Peak Purchase Card Usage Audit (Presented June 22, 2020)	<ul style="list-style-type: none"> Engagement focused on school issued PCard usage during 'off-peak' times (i.e. Spring, Summer and Winter Breaks). IA reviewed 252 transactions from 136 Cardholders totaling \$44.5k 	<ul style="list-style-type: none"> Risk of unallowable purchases increases when school based purchase cards are used during off-peak periods. 	<ul style="list-style-type: none"> Of the 136 Cardholders, 112 (\$40.8k) responded with copies of supporting documentation, 9 (\$1.9k) provided explanations but could not locate receipts, 3 (\$0.5k) are no longer at the Board and 12 (\$1.3k) did not respond at all. No significant errors or anomalies were noted. 	<ul style="list-style-type: none"> Management requested that another PCard audit be conducted with a broader scope (full fiscal year) and include all PCard holders and not just school issued PCards.

The Audit Committee was briefed on each engagement, including management's action plans, and advised the Board of Trustees to accept it.

Due to labour actions beginning in Fall 2019, coupled with school & administrative site closures in Spring 2020, follow up engagements and reports scheduled in the year were not started. Follow up engagements will begin once operations have normalized.

Other External Reports:

The following external reports were received by the Board since the last 2019 annual Audit Committee report:

- 2018-19 Audited Financial Statements
- Conclusion by Ontario Ombudsman Office regarding complaint received

Audit Committee training

The following development training opportunities below were presented.

- O.Reg 361/10 Educational materials provided to New Member in June 2020.
- Public Sector Accounting Standards update by Deloitte LLP, September 2019 (All Members).

Summary of the work performed

In addition to the items noted above, the following outlines further work performed by the audit committee in the last 12 months:

- Received an oral update from the external auditors on their review of the effectiveness of internal controls over financial reporting across the school board;
- Confirmed that the external and internal auditors did not encounter any difficulties in the course of their work;
- Certain Committee Members were involved in the evaluation stage of the External Audit Committee member recruitment process;
- Received an annual update report from the school boards Integrity Commissioner;
- Received an annual update report for the school boards whistleblower program;
- Received an annual update report for the school boards compliance program;
- Received an annual update report for the Boards Educational Partnerships;

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- Received an update on insurance and risk management approaches for the year;
- Undertook an evaluation of the effectiveness of the TDSB internal audit function;
- Performed a self-assessment.
- Received an updated with respect to a Board wide ERM initiative.

By the signature noted below, we attest that we have discharged our duties and responsibilities under Ontario Regulation 361/10.

On behalf of the Audit Committee:

James Li, MBA, CPA, CMA
Audit Committee Chair

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Appendix A: Summary of work performed by the Audit Committee in the last 12 months:

Category	Audit Committee Agenda Items	Meeting Date		
		Sept 23/19	Dec 9/19	June 22/20
	Ministry Amendments			
Ministry	Audit Committee Regulation 361/10 Amendments	✓	✓	✓
	External Reports			
Deloitte	Year End Audited Financial Statements - FY2018/19		✓	
Deloitte	7 Month Accountants Report			✓
OAGO	Auditor General of Ontario IT Value for Money Audit - Education Sector			✓
	Regional Internal Audit Team			
RIAT	Regional Internal Audit Team Status and Audit Plan Updates	✓	✓	✓
RIAT	Risk Assessment and 3 Year Audit Plan		✓	
	TDSB Internal Audit Department			
TDSB IA	Internal Audit Department and Audit Plan Updates	✓	✓	✓
TDSB IA	Distribution Centre - Operational Review - Follow Up	✓		
TDSB IA	School Operational Assurance Report	✓	✓	✓
TDSB IA	Off Peak School PCard Supporting Documentation Review			✓
TDSB IA	Engagement & Investigations Update	✓	✓	✓
	Review of Policies and Procedures			
Ethics & Compliance	Overview of Compliance program and related statistics	✓		
	Other			
Admin	Election of Committee Chair	✓		
Annual Report	2018-2019 Audit Committee Annual Report to the Ministry	✓		
Annual Report	Insurance Update	✓	✓	
ERM	Enterprise Risk Management Initiative			✓
Training & Education	Audit Committee Professional Development & Continuing Education		✓	

APPENDIX C: Annual Audit Committee Self-Assessment for the year ended August 31, 2020

Circle one number for each statement		AVG
COMPOSITION & QUALITY:		
Audit committee members have the appropriate qualifications to meet the objectives of the audit committee's mandate, including appropriate accounting, financial or legal experience.	4.6	
The audit committee demonstrates integrity, credibility, trustworthiness, active participation, an ability to handle conflict constructively, strong interpersonal skills, and the willingness to address issues proactively.	5	
The audit committee demonstrates appropriate sector knowledge and includes a diversity of experiences and backgrounds.	4.8	
Members of the audit committee meet all applicable independence and conflict of interest requirements.	5	
The audit committee participates in a continuing education program to enhance its members' understanding of relevant accounting, reporting, regulatory, auditing, and sector issues.	3	
The audit committee monitors compliance with school board governance regulations and guidelines.	3.6	
New audit committee members participate in an orientation program to educate them on the sector, their responsibilities, and the district school board's financial reporting and accounting practices.	4.2	
UNDERSTANDING BUSINESS, INCLUDING RISKS:		
<p>The audit committee inquires about how the board of trustees or other committees of the board take into account significant risks that may directly or indirectly affect financial statement reporting. Examples include:</p> <ul style="list-style-type: none"> • Ministry Reporting requirements • Financing and liquidity needs • Financial exposures • The school board's reputation 	4.4	

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<ul style="list-style-type: none"> • Financial management's capabilities • Fraud control • Organizational pressures, including "tone at the top" 	
The audit committee reviews the process implemented by management to effectively identify and assess significant risks, and assesses the steps taken to control such risks.	4.75
The audit committee reviews the Regional Internal Audit Team's risk assessment and has an understanding of the identified risks.	4.4
The audit committee considers the school board's performance versus that of its peers in a manner that enhances comprehensive risk oversight. These may include internal controls and sector trends for areas where significant differences are apparent.	3.2
Where the audit committee has come across information that would lead it to believe that a fraudulent or unusual activity has taken place, appropriate action is taken (such as requesting and overseeing special investigations).	4.2
POLICIES AND PROCEDURES:	
The audit committee reports its proceedings to the board of trustees after each committee meeting.	4.8
The audit committee prepares recommendations for the board of trustees to adopt and/or approve.	4.4
The audit committee develops a calendar that dedicates the appropriate time and resources needed to execute its responsibilities.	4.4
Audit committee meetings are conducted effectively, with sufficient time spent on significant or emerging issues.	5
The level of communication between the audit committee and relevant parties is appropriate; the audit committee chair encourages input on meeting agendas from committee and board members, management, the internal auditors, and the external auditors.	4.4
Where applicable, the audit committee provides feedback to the board of trustees concerning the competency of the school board's senior management as it relates to financial risk and control matters.	3.8

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The agenda and related information (e.g. prior meeting minutes, press releases, and financial statements) are circulated in advance of meetings to allow audit committee members sufficient time to study and understand the information.	4.2
Written materials provided to the audit committee members are relevant and concise.	4.2
Written materials provided by the audit committee members to the board of trustees are relevant and concise.	4
Meetings are held with enough frequency to fulfill the audit committee's duties. There should be a minimum of three meetings scheduled each year, as well as any additional meetings called at the request of the audit committee chair.	4
When required, audit committee meetings include separate (in camera) sessions with management and the internal and external auditors.	4.6
The audit committee maintains adequate minutes of each meeting.	5
The audit committee respects the line between oversight and management of the financial reporting process.	4.6
Audit committee meetings are attended by a quorum and members come to meetings well prepared.	5
The audit committee is responsive to requests from the board of trustees for any other activities required.	4
The audit committee has obtained confirmation that the board of trustees has met all statutory filings and requirements.	3.75
The audit committee has submitted all required reports to the board of trustees on a timely basis.	4.2
OVERSIGHT OF THE FINANCIAL REPORTING PROCESS:	
The audit committee reviews the financial statements for completeness and accuracy and makes a recommendation to the board of trustees for approval.	5
The audit committee considers the quality and appropriateness of financial accounting and reporting,	4.8

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including the transparency of disclosures.	
The audit committee reviews the school board's significant accounting policies.	4.4
The audit committee understands and concurs with the process used by management to identify and disclose related-party transactions.	4.6
The audit committee oversees the school board's external financial reporting and internal control over financial reporting.	4.6
The audit committee receives sufficient information to assess and understand management's process for evaluating the school board's system of internal controls (e.g. financial reporting and disclosure controls, operation controls, compliance controls).	4.4
The audit committee understands and gives appropriate consideration to the internal control testing conducted by the internal auditors, and the external auditors and management to assess the process for detecting internal control issues or fraud. Any significant deficiencies or material weaknesses that are identified are addressed, reviewed, and monitored by the audit committee.	4.75
The audit committee makes inquiries of the external auditors, internal auditors, and management on the depth of experience and sufficiency of the school board's accounting and finance staff.	4.4
The audit committee recommends to the board of trustees that management takes action to achieve resolution when there are repeat comments from auditors, particularly those related to internal controls.	3.6
Adjustments to the financial statements that resulted from the external audit are reviewed by the audit committee, regardless of whether they were recorded by management.	4.6
The audit committee is consulted when management is seeking a second opinion or disagrees with the external auditor on an accounting or auditing matter. In the case of a disagreement, the audit committee leads the parties toward resolution.	2.2
OVERSIGHT OF AUDIT FUNCTION:	
The audit committee understands the coordination of work between the external and internal auditors and clearly articulates its expectations of each.	4.6

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The audit committee reviews the annual and multi-year audit plans and makes suggestions/recommendations for adjustments when appropriate.	4.8
The audit committee regularly reviews the internal audit function (e.g. independence, the mandate, activities, structure, budget, compliance with IIA standards and staffing).	4.2
The internal audit reporting lines established with the audit committee promote an atmosphere where significant issues that might involve management will be brought to the attention of the audit committee.	4.8
The audit committee adequately reviews significant internal audit findings, management's action plans to address these findings and the status of action plans presented in earlier meetings.	4.6
The audit committee ensures that there are no unjustified restrictions or limitations on the scope of any internal audit.	4.6
The audit committee oversees the role of the external auditors from selection to termination and has an effective process to evaluate the external auditors' independence, qualifications and performance.	4.8
The audit committee considers the external audit plan and provides recommendations.	5
The audit committee adequately reviews significant external audit findings, management's action plans and the status of action plans presented in earlier meetings.	5
The audit committee reviews and makes recommendations to the board on the audit fees paid to the external auditors.	4.6
The audit committee comprehensively reviews management's representation letters to the external auditors, including making inquiries about any difficulties in obtaining the representations.	4.6
The audit committee recommends to the board of trustees and oversees a policy regarding the permissible (audit and non-audit) services that the external auditors may perform and considers the scope of the non-audit services provided.	4.6
The audit committee reviews other professional services that relate to financial reporting (e.g., consulting, legal, and tax strategy services) provided by outside consultants.	3

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ETHICS & COMPLIANCE:	
The audit committee reviews the school board's system for monitoring compliance and reviews any action taken by the board to address non-compliance.	5
The audit committee performs an adequate review of the findings of any examination by regulatory agencies or the Ministry of Education.	4.2
The audit committee reviews management's procedures for enforcing the school board's code of conduct.	3.2
The audit committee determines that there is a senior-level person designated to understand relevant legal and regulatory requirements.	3.6
The audit committee oversees the school board's whistleblower process and understands the procedures to prohibit retaliation against whistleblowers.	4.6
MONITORING ACTIVITIES:	
An annual performance evaluation of the audit committee is conducted and presented to the board of trustees.	4.4
The school board provides the audit committee with sufficient funding to fulfill its objectives and engage external parties for matters requiring external expertise.	3.8