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Audit Committee

Draft Minutes

22 June 2020

An electronic meeting of the Audit Committee was convened at 4:01 p.m. on Monday, 22 June 2020, with James Li presiding.

The following committee members were present: Trustees James Li (Chair), Michelle Aarts, and Robin Pilkey.

The following external members were present: Mark Hughes, Ian MacKay, and Mary Preece

The following individuals were present: Daniel Nortes, Debbie Martin, Lilian Cheung, Mun Shu Wong, Ryan Bird, Tony Rossi, Paula Hatt, Wasif Hussain, Pina Colavecchia, Leola Pan, Peter Singh, Steve Shaw, Carlene Jackson, Craig Snider, Marisa Chiu, Manon Gardner, Dan MacLean, and Trixie Doyle

1. Approval of the Agenda

Trustee Pilkey moved and seconded by Mark Hughes: **That the agenda be approved**

The motion was carried.

2. Declarations of Possible Conflict of Interest

No conflicts were declared.

3. Chairs Update

The Chair welcomed Mary Preece to her first meeting of the Audit Committee; as one of the external members to the committee.

4. Approval of Meeting Minutes

Mark Hughes moved and seconded by Trustee Pilkey approval of the meeting minutes of **December 9, 2019**

The motion was carried.

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5. 2020 External Audit Service Plan Update [3909]

The Committee considered a report from staff (see AC:053A, page 1) presenting to the committee the 2020 External Audit Service Plan Update. This item was presented to the committee by the following staff: Pina Colavecchia. The Committee heard and discussed:

- School boards follow standard requirements – that are unchanged during this fiscal year
- Specified procedures report as at March 31st is required on an annual basis
- Required to develop audit strategy – where material risk exists – to assess and report risk factors
- At the completion of each audit a year end communication; and year end auditors report will be presented to this committee
- COVID19 is a significant event – having impacts on revenue streams, and also expenditure impacts to the board – may also have an impact on ability of auditors to perform audit work; changes to the nature and timing of procedures will be impactful – testing of controls related to work of staff that is now being done remotely.
- The COVID19 period has halted school visits at this time. School visits are most helpful to the auditors testing in the work environment
- There is a presumed risk of fraud in the area of revenue/deferred revenue.
- Management override of controls is another area with presumed risk of fraud – part of testing is to look back; to assess how reliable estimates from management are
- Payroll is the largest expense item – as such assessed as a significant risk category
- Staff were asked to speak to any backup plan if school visits ultimately cannot be conducted. In response staff indicated that many of the necessary steps can be done remotely – a virtual meeting with relevant school staff will be conducted; although the preference is certainly to conduct the visits in person onsite. Testing would need to be completed by end of November 2020 in order to meet schedule for the December 2020 Audit Committee meeting.
- Auditors were asked if there could be an expected change to the Audit fee. In response it was stated that Deloitte intends to absorb any additional; acknowledging the fees were agreed to through a competitive process.

Mark Hughes moved and seconded by Ian MacKay: **That the 2020 External Audit Service Plan for the fiscal year ending 31 August 2020 be approved.**

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The motion was carried.

6. Enterprise Risk Management (ERM) Initiative Status Update [3911]

The Committee considered a report from staff (see AC:053A, page 21) presenting the Enterprise Risk Management (ERM) Initiative Status Update. This item was presented to the committee by the following staff: Marisa Chiu and Wasif Hussain. The Committee heard and discussed:

- Unaware of any other boards in Ontario that have an ERM – excited to staff to move in such a proactive manner – seeking to create a centralized and consistent process across our board
- This system is a continuous process; as opposed to a one time snapshot of risk at a moment in time
- Internal Audit will support project in area of: assessing controls for effectiveness, facilitate meetings to determine risks and a control matrix, audit of the ERM function as a whole
- The committee remarked that staff may wish to consider creating a cascading Risk Map (page 32). Consideration may be given to showing a trend (improving or worsening). May be of benefit to engage the Global Risk Institute (a non-profit organization) aimed at promotion of risk management.
- Additionally it was remarked that the board may wish to begin looking at future possible scenarios – post COVID; and its impact – to build risk mitigation strategies.

Trustee Aarts moved and seconded by Mark Hughes: **That the Enterprise Risk Management (ERM) Initiative Status Update be received.**

The motion was carried.

7. TDSB Internal Audit Department and Engagement Status Update [3912]

The Committee considered a report from staff (see AC:053A, page 31) presenting the Internal Audit Department and Engagement Status Update. This item was presented to the committee by the following staff: Wasif Hussain. The Committee heard and discussed:

- 22 school visits were scheduled per semester – however, work action and school closures had

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- an impact on this schedule – they will resume when operations normalize.
- Remote auditing has been ongoing – outlined in Appendix “B” – p-card usage and vendor spend analysis have been identified as significant risk areas.
- All schools have transitioned to school cash online as of May 2020

Trustee Aarts moved and seconded by Mark Hughes; **That the TDSB Internal Audit Department and Engagement Update – June 2020 be received.**

The motion was carried.

8. Regional Internal Audit Team (RIAT) – Engagement Status Update [3902]

The Committee considered a report from staff (see AC:053A, page 87) presenting the Regional Internal Audit Team (RIAT) – Engagement Status Update. This item was presented to the committee by the following staff: Paula Hatt. The Committee heard and discussed:

- Programming & staff utilization review is currently underway – working with representative from all 4 participating boards – an update will be available at the next audit committee meeting
- An update of the Transportation audit will also be brought to the September audit committee meeting.
- The committee questioned why the TCDSB was not also being reviewed as a part of this audit process – given its membership in the Transportation consortium. In response staff remarked that the TCDSB was invited to participate in the audit but declined to participate
- In follow-up the committee sought clarification as to what is being audited given only one partner in the consortium is participating. Staff remarked that items from the consortium specifically as well as board level are being audited with this engagement. Staff also acknowledged that this will be a very one sided audit. Additionally staff acknowledged that it has not been normative to see audits where only one partner is a party to the audit. Staff remarked that this is most unusual – although acknowledged that there can be some areas of benefit and efficiencies that may be derived via a stand-alone audit of TDSB only. Staff believes it is a subject worthy to revisit in September – to seek to re-engage with the TCDSB.

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- The committee strongly took the position that in the case of the Transportation audit; that prior to proceeding with the field and audit work; that staff provide an update to the Audit Committee at the September 2020 meeting with respect to the status of the TCDSB intention around engagement with this audit process. The committee questions the value of proceeding without the participation of the coterminous board and consortium partner (the Toronto Catholic District School Board). The audit committee does not wish to proceed with this audit engagement until staff can report that the TCDSB will participate in the audit. The committee believes lack of participation on the part of the TCDSB is a key risk – that needs to be responded to prior to the next update in September 2020

Trustee Aarts moved and seconded by Ian MacKay; **That the Regional Internal Audit Team (RIAT) Engagement and Status Update be received.**

The motion was carried.

9. Accountants Report – March 31, 2020 [3908]

The Committee considered a report from staff (see AC:053A, page 91) presenting the Accountants Report of March 31, 2020. This item was presented to the committee by the following staff: Craig Snider. The Committee heard and discussed:

- There was no direct discussion of this item.

Trustee Aarts moved and seconded by Mark Hughes; **That the Accountant’s Report for the period of 1 September 2019 to 31 March 2020 submitted to the Ministry of Education be received**

The motion was carried.

10. Audit Committee O. Reg 361/10 Requirements – Work Tracker [3913]

The Committee considered a report (see AC:053A, page 103) presenting the work tracker checklist of the O. Reg 361/10 requirements; to assist with the planning of Audit Committee

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activities and meeting agendas. This item was presented to the committee by the following staff: Wasif Hussain. The Committee heard and discussed:

- There was no direct discussion of this matter

Trustee Aarts moved and seconded by Mark Hughes: **That the Audit Committee RECOMMENDS that the Audit Committee O.Reg 361/10 Requirements – Work Tracker report be received.**

The motion was carried.

11. Consideration of Private Items

At 5:47 p.m. Trustee Pilkey moved and seconded by Trustee Aarts: **That the meeting be moved into private.**

The motion was carried.

James Li
Chair