

## APPENDIX B: Annual Audit Committee Report to the Board of Trustees for the year ended August 31, 2021



## ANNUAL AUDIT COMMITTEE REPORT TO THE BOARD OF TRUSTEES AS PER ONTARIO REGULATION 361/10 FOR THE YEAR ENDED AUGUST 31, 2021

This report summarizes the Audit Committee's actions for the year ended August 31, 2021.

### ***Audit Committee Members***

The Audit Committee consisted of 7 members, listed below:

Trustee Members:

- Robin Pilkey (Chair)
- James Li
- Michelle Aarts
- David Smith – Term Began November 2020
- Christopher Mammoliti – Term Ended November 2020

External Members:

- Ian Mackay
- Mary Preece
- Joyee Chau – Term Began March 2021
- Mark Hughes – Term Ended February 2021

In addition, regular attendees at the Committee meetings were:

- Craig Snider – Associate Director of Business Operations and Service Excellence
- Marisa Chiu – Executive Officer, Finance
- Leola Pon – Executive Officer, Legal Services
- Peter Singh – Executive Officer, Information Technology, and Information Management
- 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;

TDSB Annual Audit Committee Report  
To the Board of Trustees  
For the year ended August 31, 2021

### *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.

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

	September 21, 2020	December 7, 2020	February 22, 2021	March 22, 2021	June 21, 2021
<b>Trustees:</b>					
Robin Pilkey	✓	✓	✓	✓	✓
Michelle Aarts	✓	✓	✓	✓	✓
James Li	✓	✓	✓	✓	✓
Christopher Mammoliti	✓				
David Smith		✗	✓	✓	✓
<b>External Members:</b>					
Mark Hughes	✓	✓	✓		
Ian Mackay	✓	✗	✓	✓	✓
Mary Preece	✓	✓	✓	✓	✓
Joyee Chau				✓	✓

### *Governance*

The Audit Committee operated throughout the fiscal year ending August 31, 2021. 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 June 22, 2020 meeting.

The external auditors confirmed their independence in the letter dated December 3, 2020. The audit committee reviewed and recommended the approval of the annual audited financial statements on December 7, 2020. The Audit Committee had also recommended approval of the **7-Month Accountant's report for period September 1, 2020 to March 31, 2021** on June 21, 2021.

### *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 21, 2020. 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 2020 annual report of the committee:*

Planned Audits	Status	Presented to Audit Committee on
Professional Development Audit	Completed	February 2021
Programming and Staff Utilization– Benchmarking	Completed	June 2021
Transportation	Cancelled	Co-terminus DSB did not participate
Accounts Payable & Expense	Completed	To be presented September 2021

TDSB Annual Audit Committee Report  
To the Board of Trustees  
For the year ended August 31, 2021

Construction Management – School Renewal	In Process	TBD
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*TDSB Internal Audit performed the following work since the 2020 annual report of the committee:*

Planned Audits	Status	Presented to Audit Committee on
PACE School Bank Account Analysis	Completed	February 2021
FY2019-20 Purchase Card Transaction Review	Completed	February 2021
One-Time Vendor Process Audit	Completed	February 2021
Mobile Device Usage Monitoring Audit	Cancelled	To be reperfomed once all devices are moved to new provider (post-Covid)
Virtual School Enrolment Audit	In-Process	To be presented September 2021
School Cash Online	In-Process	To be presented September 2021
Student Issued Device Management	In-Process	To be presented December 2021

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
Contractor Spend Analysis	Completed	September 21, 2020
School Re-Opening – Facilities, Health & Safety	Completed	September 21, 2020
2021-22 TDSB Internal Audit Annual Plan	Completed	To be presented September 2021

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
RAIT - Leadership & Professional Development	<ul style="list-style-type: none"> <li>Assess PD and Leadership Capacity Plan Framework for aspiring and newly appointed leaders.</li> </ul>	<ul style="list-style-type: none"> <li>Risk that framework design or effectiveness do not meet the needs of the Board.</li> <li>Risk that staff may not be able to easily navigate and access available resources efficiently and timely.</li> </ul>	<ul style="list-style-type: none"> <li>Information from internal reporting processes can be shared with the Board.</li> <li>No dedicated website for Leadership Development Program.</li> <li>Risk that outcome-based metrics are not being used to inform stakeholders about program effectiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Staff will include information gathered as part of internal reporting processes within the annual reports to the Board of Trustees.</li> <li>'My Path' launched align leadership development initiatives for staff.</li> <li>Census data used to measure areas of staff satisfaction, preparedness for their position and well-being. The</li> </ul>

TDSB Annual Audit Committee Report  
To the Board of Trustees  
For the year ended August 31, 2021

		<ul style="list-style-type: none"> <li>• Risk that outcomes are not being measured</li> <li>• Risk that funding is not sufficient</li> </ul>	<ul style="list-style-type: none"> <li>• BLDS funding to be reduced by EDU.</li> </ul>	<p>Board will explore the development of additional measures.</p> <ul style="list-style-type: none"> <li>• As part of upcoming budget discussions, a plan to include sustainable funding for leadership development will be pursued</li> </ul>
Audit	Context	Risks	Findings	Action Plan
RIAT - Programming and Staff Utilization– Benchmarking	<ul style="list-style-type: none"> <li>• Compare similar metrics across four GTA school boards, including TDSB for French Immersion, Special Education, paraprofessionals &amp; support staff as well as non-academic metrics.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that school boards do not share data to identify possible areas for enhancement.</li> </ul>	<ul style="list-style-type: none"> <li>• School boards share similar metrics for many areas however there are some where the approach taken by the various boards resulted in differences.</li> </ul>	<ul style="list-style-type: none"> <li>• No formal recommendations provided; however, school boards are encouraged to collaborate and identify opportunities to enhance delivery.</li> </ul>
Audit	Context	Risks	Findings	Action Plan
TDSB IA - PACE School Bank Account Analysis  (Presented February 2021)	<ul style="list-style-type: none"> <li>• Reviewed 581 TDSB Non-Board bank accounts maintained at PACE Credit Union for the period August 2019 to July 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that accounts have large balances due to not reimbursing the budget for purchases made by the school for non-board activities, unnecessary financial strain on students as funds are available.</li> <li>• Risk that Purchases &gt;\$10k do not follow procedure.</li> </ul>	<ul style="list-style-type: none"> <li>• 14% of schools accounted for 58% of total non-board funds.</li> <li>• Most cheques &gt;\$10k were for budget reimbursements; remaining related to excursions, yearbooks, grads &amp; formals among others.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Support Officers will review large balances with the school and help them implement corrective measures if required.</li> <li>• Financial Support Officers will review cheques &gt;\$10k and reach out to schools to advise them on the correct purchasing procedures as required.</li> </ul>
Audit	Context	Risks	Findings	Action Plan
TDSB IA - Purchase Card Transaction Review  (Presented February 2021)	<ul style="list-style-type: none"> <li>• Analytically reviewed all (100%) of all PCard transactions for 2019-20 with</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that PCard guidelines are not being followed or PCard purchases are not being reviewed appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>• PCards used at vendors where contract is in place (paying retail vs. contracted price)</li> <li>• <b>Certain users' preference</b> to use certain vendors when similar items are</li> </ul>	<ul style="list-style-type: none"> <li>• Training for cardholders and supervisors.</li> <li>• Review process and understand logistical issues for using a PCard vs. issuing a PO and try to identify efficiencies by engaging staff.</li> </ul>

TDSB Annual Audit Committee Report  
To the Board of Trustees  
For the year ended August 31, 2021

	substantive testing of anomalies identified. <ul style="list-style-type: none"> <li>A total 27,583 transactions were analyzed with a value of \$3,544,743</li> </ul>	<ul style="list-style-type: none"> <li>Risk that PCards are being used with contracted vendors.</li> <li>Risk that PCard holders bypass the TDSB Distribution Centre, LPO and CRO processes due to convenience of PCard.</li> </ul>	available from the TDSB Distribution Centre, LPC or CRO vendors.	
Audit	Context	Risks	Findings	Action Plan
TDSB IA – One-Time Vendor Process Audit  (Presented February 2021)	<ul style="list-style-type: none"> <li>Review One-Time Vendor categories and transactions from September 2018 to February 2020</li> </ul>	<ul style="list-style-type: none"> <li>Risk that purchasing information on the intranet site is not consolidated and not linked, leading to incorrect user actions.</li> <li>Risk that vendors used are not appropriately vetted.</li> </ul>	<ul style="list-style-type: none"> <li>Purchasing guidance is not consolidated on the intranet which could lead to incorrect conclusions by staff.</li> <li>One-time vendors attended schools, however no documentation relating to reference checks, CPIC, VSS, validation of credentials etc. was found.</li> </ul>	<ul style="list-style-type: none"> <li>Consolidation of purchasing information will be investigated.</li> <li>One-time vendors with multiple uses will be reviewed with appropriate corrective measures implemented with the cost centre owner.</li> </ul>

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 2020 annual Audit Committee report:

- 2019-20 Audited Financial Statements
- Auditor General Annual Follow-up reports

***Audit Committee training***

The following development training opportunities below were presented.

- O.Reg 361/10 Educational materials provided to new members (one external, one Trustee).
- Public Sector Accounting Standards update by Deloitte LLP, June 2021 (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;

TDSB Annual Audit Committee Report  
To the Board of Trustees  
For the year ended August 31, 2021

- Certain Committee Members were involved in the evaluation stage of the External Audit Committee member recruitment process;
- 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;
- Received an update on insurance and risk management approaches for the year;
- Performed a self-assessment.
- Received updates 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:

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Robin Pilkey, CPA, CA

2020-21 Audit Committee Chair

TDSB Annual Audit Committee Report  
To the Board of Trustees  
For the year ended August 31, 2021

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

Category	Audit Committee Agenda Items	Meeting Date				
		Sept 21/20	Dec 7/20	Feb 22/21	Mar 22/21	June 21/21
	<b>Ministry Amendments</b>					
Ministry	Audit Committee Regulation 361/10 Amendments	✓	✓	✓	✓	✓
	<b>External Reports</b>					
Deloitte	Year End Audited Financial Statements - FY2019/20		✓			
Deloitte	7 Month Accountants Report					✓
OAGO	Auditor General of Ontario IT Value for Money Audit - Education Sector	✓	✓		✓	
OAGO	Auditor General of Ontario Curriculum Value for Money Audit - Education Sector				✓	
OAGO	Auditor General of Ontario Student Transportation Value for Money Audit - Follow Up				✓	
Ombudsman	Ontario Ombudsman Student Transportation Follow Up Update				✓	
	<b>Regional Internal Audit Team</b>					
RIAT	Regional Internal Audit Team Status and Audit Plan Updates	✓	✓	✓		✓
RIAT	Regional Internal Audit Team Professional Development			✓		
RIAT	Regional Internal Audit Team Benchmarking Report					✓
	<b>TDSB Internal Audit Department</b>					
TDSB IA	Internal Audit Department and Audit Plan Updates	✓	✓	✓		✓
TDSB IA	One Time Vendor Audit			✓		
TDSB IA	FY2019-20 PCard Usage			✓		
TDSB IA	FY2019-20 School Banking Analysis			✓		
TDSB IA	Construction Contractor Spend Analysis	✓				



TDSB Annual Audit Committee Report  
To the Board of Trustees  
For the year ended August 31, 2021

<b>TDSB IA</b>	<b>Engagement &amp; Investigations Update</b>	✓	✓	✓	✓	✓
	<b>Review of Policies and Procedures</b>					
<b>Ethics &amp; Compliance</b>	<b>Overview of Whistleblower Program and related statistics</b>	✓				
<b>Ethics &amp; Compliance</b>	<b>Overview of Compliance program and related statistics</b>	✓				
	<b>Other</b>					
<b>Admin</b>	<b>Election of Committee Chair</b>	✓	✓			
<b>Annual Report</b>	<b>2019-2020 Audit Committee Annual Report to the Ministry</b>	✓				
<b>Annual Report</b>	<b>Educational Partnership Annual Update</b>	✓				
<b>Annual Report</b>	<b>Insurance Update</b>	✓				
<b>ERM</b>	<b>Enterprise Risk Management Update</b>				✓	✓
<b>IT&amp;IM</b>	<b>Student Information System Data Migration Update</b>				✓	✓
<b>Training &amp; Education</b>	<b>Audit Committee New Member Orientation</b>				✓	
<b>Training &amp; Education</b>	<b>Audit Committee Professional Development &amp; Continuing Education</b>					✓