

**AGENDA**

**Audit Committee Meeting**

**Tuesday, February 7, 2023, 4:30 p.m.**

**Conference Call**

***Mission:** Disciples of Christ, nurturing mind, body, and soul to the fullness of life.*

***Vision:** Changing the world through Catholic education.*

	<b>Pages</b>
<b>A. Routine Matters</b>	
1. Call to Order and Attendance	
2. Opening Prayer	3
3. Land Acknowledgment	
4. Election of Chair of the Audit Committee in Accordance with By-Laws - Executive Superintendent Cherepacha	
5. Election of Vice Chair of the Audit Committee in Accordance with By-Laws - Chair	
6. Approval of Agenda	
a. Approval of Calendar Items	
7. Declaration of Interest	
a. Declaration of Conflict of Interest - Bruno Iannicca	
b. Declaration of Conflict of Interest - Anisha Thomas	
8. Approval of Minutes, Audit Committee, November 8, 2022	4
a. Business Arising from the Minutes	
<b>B. Proposed Terms of Reference - Executive Superintendent Cherepacha</b>	<b>10</b>
<b>C. Pastor's Remarks</b>	
<b>D. Awards and Presentations</b>	
<b>E. Delegations</b>	
<b>F. Updates/Information/Reports from Committee Members for Receipt</b>	
1. Regular Reports	
2. Good News Items	
<b>G. Updates/Information/Reports from Committees for Receipt</b>	
<b>H. Updates/Information/Reports from Administration for Receipt</b>	

- I. **Trustee/Committee/Administration Reports Requiring Action**
- J. **Notices of Motion**
- K. **Additional Business**
- L. **Questions Asked of, and by, Committee Members**
- M. **Declared Interest Items**
- N. **In Camera Session**  
See In Camera Agenda
- O. **Rise and Report**
- P. **Future Meetings**  
May 10, 2022
- Q. **Adjournment**

## **OPENING PRAYER**

**Bless us as we gather today  
for this meeting.**

**Guide our minds and hearts  
so that we will work  
for the good of our community,  
and help all Your people.**

**Teach us to be generous in our outlook,  
courageous in face of difficulty,  
and wise in our decisions.**

**Father,  
we praise You,  
for ever and ever.**

**Amen.**

## MINUTES

### Audit Committee Meeting

**Tuesday, November 8, 2022, 4:30 p.m.  
Conference Call**

Trustees:	Anna da Silva	Chair
	Thomas Thomas	Vice-Chair
	Frank Di Cosola	Trustee
External Members:	Rory Keilty	External Audit Committee Member
	Laura Prestia	External Audit Committee Member
Staff:	Marianne Mazzorato, Ed.D.	Director of Education, Secretary to the Board
	Daniel Del Bianco	Associate Director, Corporate Services
	Julie Cherepacha	Executive Superintendent, Finance, Chief Financial Officer and Treasurer
	Brian Hester	Superintendent, Financial Services
	Kevin Sun	Internal Auditor
	Reynard Balatbat	Senior Auditor
Recorder:	Cindy Child	Board and Committee Information Officer

#### A. Routine Matters

1. Call to Order and Attendance  
Chair Anna da Silva called the meeting to order at 4:33 p.m.
2. Opening Prayer  
Chair Anna da Silva led the Opening Prayer.
3. Land Acknowledgment - Chair Anna da Silva
4. Approval of Agenda

**Moved by** Thomas Thomas

**THAT THE AGENDA BE APPROVED.**

**CARRIED**

- a. Approval of Calendar Items - Nil

5. Declaration of Interest

- a. Letter of Declaration of Interest - Trustee Anna da Silva

Executive Superintendent Cherepacha advised that the Letter of Declaration of Interest for Trustee Anna da Silva has been received.

6. Approval of Minutes, Audit Committee Meeting on September 13, 2022

**Moved by** Frank Di Cosola

**THAT THE MINUTES OF THE AUDIT COMMITTEE MEETING, SEPTEMBER 13, 2022, BE APPROVED.**

**CARRIED**

- a. Business Arising from the Minutes - Nil

**B. Pastor's Remarks - Nil**

**C. Awards and Presentations - Nil**

**D. Delegations - Nil**

**E. Updates/Information/Reports from Committee Members for Receipt**

1. Regular Reports - Nil

2. Good News Items

Executive Superintendent Cherepacha congratulated Trustees Anna da Silva and Frank Di Cosola who are both retiring from the Board of Trustees this month. Both have been members of the Audit Committee over the years, and we thank them for their leadership, dedication and service to the Audit Committee.

Trustee Anna da Silva: Thank you to all who serve on the Audit Committee, it is a very important role. The external members and our internal auditors play key roles. I also want to thank my colleagues, Trustees Thomas Thomas and Frank Di Cosola, for their support of this committee.

Trustee Frank Di Cosola: It has been a pleasure to be on the committee and see the behind the scenes work. I appreciate the hard work that Executive Superintendent Cherepacha and the finance team accomplish along with the committee and outside agencies to ensure transparency and accountability within DPCDSB. Thank you for the opportunity to be part of the Audit Committee.

**Moved by** Laura Prestia

**THAT THE GOOD NEWS BE RECIEVED.**

**CARRIED**

**F. Updates/Information/Reports from Committees for Receipt - Nil**

**G. Updates/Information/Reports from Administration for Receipt - Nil**

**H. Trustee/Committee/Administration Reports Requiring Action**

1. Consolidated Financial Statements for the Year Ended August 31, 2022

Superintendent Hester thanked Manager Ezra Cyrus and his team for their hard work throughout the pandemic. He also recognized Auditors Marcus Sconci and Mohammad Soleman from BDO Canada LLP (BDO). Superintendent Hester commented that until

recently all work has been done virtually and they have collaborated well to accomplish good work.

Superintendent Hester reviewed the financial statements.

1. Trustee Frank Di Cosola: Are there any adjusting entries?

Superintendent Hester: There were no adjusting entries. BDO will have further details in their report.

2. External Member Prestia: Regarding the stabilization funding of \$17.2 M, is the use restricted?

Superintendent Hester: The Ministry of Education (Ministry) did not restrict the use. The funding, however, was to support COVID-19 related expenditures where boards did not have sufficient accumulated surplus. The full amount was applied to the increased costs of long-term disability (LTD).

3. External Member Prestia: With declining enrolment are we expecting a decrease in transportation costs?

Superintendent Hester: Costs vary, however it is important to note we are underfunded with a grant model that is outdated. This issue has been communicated with the Ministry often.

4. External Member Prestia: Why is LTD not on its own financial line? Are other boards having such significant LTD pressures?

Superintendent Hester: In the notes section we address the impact on staff and students and indicate the significant negative affects moving forward. Our LTD model is unique in that it is a 100% employer fully funded model, across all occupational groups/unions. We are responsible for all costs. Other boards have various plans for various groups/unions. Some boards have trusts or pay a flat fee.

*Trustee Anna da Silva passed the chair to Trustee Thomas Thomas.*

5. Trustee Anna da Silva: What makes up our LTD costs?

Superintendent Hester: The primary expense is staff accessing the plan. On LTD, employees are paid 70% of their salary until they can return to work, or up to 65 years of age, or when they retire; whichever of these conditions is first. The cost is their salary and the administrative fees. At the beginning of the year, we determine the monthly premium based on estimated LTD cases. At the end of the year, we reassess and cover the actual cost. Pre-pandemic we had about 200 LTD cases per year, presently we have near 400 per year.

6. Trustee Anna da Silva: Health care benefits have changed for teachers, in the past they could bank their sick days, but now they have an allocated number of days they can use each year. Did this change in benefits create a spike in usage of sick days? And did it contribute to our LTD expense?

Superintendent Hester: It is hard to equate that to LTD. An employee still has to exhaust the wait period of 75 days by using sick days before being assessed for LTD.

7. Executive Superintendent Cherepacha: We emphasize that the difference in LTD at DPCDSB is that we have a 100% employer fully funded plan for every employee group. Other boards may have only one or two employee groups funded or not fully funded (less than 100% employer paid). Overall costs would be lower and perhaps more manageable at other boards. School boards do not receive Ministry funds to cover LTD costs.

Please note that we do follow a financial statement format, consistent with all other school boards. The LTD issue is referenced in the *Impact of COVID-19* note section. We can take the direction of the committee's input and expand the language to include the unique LTD plan in the note.

8. External Member Keilty: The bottom line is that the plan is uninsured, and everyone is covered; are either of these elements changeable?

Superintendent Hester: These are not changeable as all things financial became central table bargaining items and have not been negotiated locally since 2014. We are working with external consultants to mitigate and limit costs.

Superintendent Hester introduced Auditors Marcus Sconci and Mohammad Soleman to summarize the yearend report.

9. External Auditor Prestia: Previously there was a note on the financial statement regarding Asset Retirement Obligations (AROs), was an assessment done?

Auditor Marcus Sconci: There is a new standard for AROs, at this time next year we will be discussing the impact of the ARO assessment.

*Trustee Anna da Silva resumed the chair.*

**Moved by** Rory Keilty

**THAT THE REPORT TO THE AUDIT COMMITTEE, CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022, BE RECEIVED.**

**CARRIED**

**Moved by** Anna da Silva

**THAT THE AUDIT COMMITTEE RECOMMEND THAT THE BOARD OF TRUSTEES APPROVE THE CONSOLIDATED FINANCIAL STATEMENTS AND RELATED INFORMATION OF DPCDSB FOR THE YEAR ENDED AUGUST 31, 2022, AS AMENDED.**

**CARRIED**

2. Regional Internal Audit Team (RIAT) Two Year Audit Plan

Executive Superintendent Cherepacha introduced RIAT Manager Viraj Trivedi and summarized the reporting cycle.

Manager Viraj Trivedi reviewed the plan and thanked senior management for the valuable feedback that assisted in developing the audit plan.

1. External Member Prestia: Regarding the IT sustainability, will we be provided an update? Are you still working on that audit?

Executive Superintendent Cherepacha: That was under the previously approved 3-year audit plan. As a result of some delays and a vacancy in the Chief Information Officer (CIO) position, this will be done over the next 2 years in addition to the audits proposed in the new plan. It will be important to have the CIO input.

**Moved by** Thomas Thomas

**THAT THE REPORT TO THE AUDIT COMMITTEE, REGIONAL INTERNAL AUDIT TEAM (RIAT) 2022-2024 AUDIT PLAN, BE RECEIVED.**

**CARRIED**

**Moved by** Rory Keilty

**THAT THE AUDIT COMMITTEE RECOMMEND THAT THE BOARD OF TRUSTEES APPROVE THE REGIONAL INTERNAL AUDIT TEAM (RIAT) 2022-2024 AUDIT PLAN.**

**CARRIED**

**I. Notices of Motion - Nil**

**J. Additional Business - Nil**

**K. Questions Asked of, and by, Committee Members**

*Trustee Anna da Silva passed the chair to Trustee Thomas Thomas.*

1. Trustee Anna da Silva requested that the DPCDSB virtual background be sent to both external members to identify them as Audit Committee members.

Executive Superintendent Cherepacha: We will do so.

**L. Declared Interest Items - Nil**

**M. In Camera Session**

**Moved by** Frank Di Cosola

**THAT THE AUDIT COMMITTEE MEETING RESOLVE INTO THE IN CAMERA SESSION.**

**CARRIED**

**N. Rise and Report**

Report: Approval of In Camera Minutes, three School Audit reports, Audit Findings 2021-2022 report, Audit/Review Status report, Detailed Annual Report to the Board of Trustees for the 2021-2022 Year and Summarized Annual Report to the Board of Trustees to the Ministry for the 2021-2022 Year.

**Moved by** Thomas Thomas

**THAT THE AUDIT COMMITTEE RECEIVE THE CONFIDENTIAL IN CAMERA REPORT.**

**CARRIED**

**O. Future Meetings**

February 7, 2023

May 9, 2023



**P. Adjournment**

**Moved by** Laura Prestia

**THAT THE MEETING BE ADJOURNED AT 6:35 P.M.**

**CARRIED**

<b>Audit Committee Meeting</b>
<b>February 7, 2023</b>
<b>AUDIT COMMITTEE PROPOSED TERMS OF REFERENCE 2023</b>
<b>Multi Year Strategic Plan Values: Believe, Excel, Respect, Thrive and Trust</b>

*“Let every person be subject to the governing authorities. For there is no authority except from God, and those authorities that exist have been instituted by God.”*  
(Romans 13:1)

## **BACKGROUND**

The proposed terms of reference for the Audit Committee is presented annually at the first meeting of the committee following the inaugural or organizational meeting of the Board of Trustees. The proposed terms of reference are for consideration and approval.

## **DISCUSSION**

The proposed terms of reference for the Audit Committee for the 2023 year are attached.

## **THE FOLLOWING RECOMMENDATION IS PROVIDED FOR CONSIDERATION:**

- |   |
|---|
| <p><b>1. THAT THE AUDIT COMMITTEE RECOMMEND TO THE BOARD OF TRUSTEES THAT THE AUDIT COMMITTEE PROPOSED TERMS OF REFERENCE 2023 BE APPROVED AND ADOPTED.</b></p> |
|---|

Prepared by: Julie Cherepacha, Executive Superintendent, Finance, Chief Financial Officer and Treasurer

Submitted by: Marianne Mazzorato, Ed.D., Director of Education

**TERMS OF REFERENCE AUDIT COMMITTEE – 2023**  
(*Ontario Regulation 361/10 of the Education Act - requirements of Audit Committees*)

<b>CHAIR:</b>	TBD
<b>VICE CHAIR:</b>	TBD
<b>BOARD MEMBERS:</b>	Anisha Thomas, Thomas Thomas, Bruno Iannicca
<b>NON-BOARD MEMBERS:</b>	Laura Prestia Rory Keilty
<b>RESOURCE STAFF:</b>	Associate Director, Corporate Services Associate Director, Instructional Services Superintendent, Financial Services Internal Auditor Senior Internal Auditor
<b>MONITORING:</b>	Executive Superintendent, Finance, Chief Financial Officer and Treasurer Director of Education

**TERM OF OFFICE:**

Board Members – two (2) year term appointed by the Board of Trustees.

Non-Board Members – up to a three (3) year term as per *Ontario Regulation 361/10 of the Education Act*

**DECLARATION OF CONFLICTS:**

As described in *Ontario Regulation 361/10 of the Education Act*, every member of the audit committee shall, when appointed to the committee for the first time and at the first meeting in each fiscal year, submit a written declaration to the chair of the committee declaring whether they have a conflict of interest. Also, if a member becomes aware of a conflict after their appointment, they shall immediately disclose the conflict in writing to the chair.

**COMPOSITION:**

The Audit Committee shall consist of five (5) members comprised of three (3) trustees of the Board and two (2) non-board members of the community. The Board of Trustees will appoint three (3) trustee members to the audit committee for a two (2) year term. A person who is a non-board member is eligible to be appointed to the audit committee only if they:

- Have accounting, financial management or other relevant business experience that would enable them to understand the accounting and auditing standards applicable to the Board;
- Are not an employee or officer of the Board or of any other board at the time of the appointment;
- Do not have a conflict of interest (does not have a parent, child or spouse who is employed by the Board) at the time of appointment;
- Was identified by the selection committee as identified in *Ontario Regulation 361/10*.

Recruitment for Audit Committee is to align to Board Policy and General Administrative Procedures (GAP).

**CHAIR:**

In each fiscal year at the first meeting of the audit committee following the inaugural or organizational meeting of the Board of Trustees, the members of the committee shall elect the chair and the vice chair of the committee for the fiscal year from among the members of the committee.

**MEETINGS:**

The audit committee will meet at least three (3) times in each fiscal year, or at the call of the chair, with authority to convene meetings as circumstances require and in accordance with *Ontario Regulation 361/10 of the Education Act*. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The committee may hold private meetings with auditors, the entire Board of Trustees and executive council. Meeting agendas will be prepared and provided in advance to committee members as well as the Board of Trustees, along with appropriate briefing materials. Minutes will be prepared and distributed to the Board of Trustees. Minutes will be approved by the Audit Committee and received by the Board of Trustees.

Each member of the audit committee has one vote. In the event of a tie vote, the chair is entitled to cast a second vote.

A majority of the members of the audit committee that includes at least one member who is not a board member constitutes a quorum for meetings of the committee.

**MANDATE:**

To assist the Board of Trustees in overseeing and objectively assessing the performance of the Board, its management and its auditors and specific responsibilities for the following activities:

- i) oversight of appropriate accounting practices and financial reporting,
- ii) ensuring internal controls are in place to mitigate financial risk,
- iii) the internal and external audit processes,
- iv) the process for monitoring compliance with federal and provincial laws and regulations,
- v) recommend appointment of the external auditor to the Board of Trustees,
- vi) the process for monitoring the Board's policies, procedures, regulations and code of conduct from an audit perspective,
- vii) the establishment and maintenance of lines of communication between the Board of Trustees and its external auditor, senior management, internal auditor and regional internal audit,
- viii) the safeguarding of Board assets,
- ix) the annual and/or multi-year audit plan of the Board,
- x) the audited financial statements of the Board.

**DUTIES:**

The Audit Committee will,

- (1) Review the annual audited financial statements of the Board prior to reporting to the Board of Trustees, and consider whether they are complete, and consistent with information known to committee members. The committee will make recommendations to the Board of Trustees for the approval of all annual audited financial statements.
- (2) Ensure risk assessment and risk management policies align with internal controls.
- (3) Review the scope of the internal and external auditor's reviews of the Board's internal controls, any significant findings and recommendations by the internal auditors and the responses of the Board's staff to those findings and recommendations.
- (4) Review and receive reports related to the overall effectiveness of the Board's internal controls, including information technology systems security and control.
- (5) Review with senior management, the internal auditors (including RIAT) mandate, activities, staffing, and organizational structure of the internal audit function. The audit committee will make recommendations to the Board of Trustees on the content of the annual audit plan. They will also review whether there are any unjustified restrictions or limitations on the role of the internal auditor.

- (6) Review the external auditors, terms of engagement, fees and proposed audit scope and approach and any non-audit services provided, including coordination of audit effort with internal audit. Review the performance of the external auditor, and make recommendations to the Board of Trustees on the appointment or discharge of the external auditor. On an as needed basis, meet separately with the external auditor to discuss any matters that the committee or auditor believe should be discussed privately.
- (7) Review the effectiveness of the Board's internal operating procedures for monitoring compliance with federal and provincial laws and regulations as well as the Board's policies, procedures, regulations and code of conduct. Review the results of management's investigation and follow-up of any instances of noncompliance. Review the findings of any examinations by regulatory agencies, and any auditor observations. Obtain regular updates from management and Board legal counsel regarding compliance matters.
- (8) Receive and review internal audit plan and results of internal audit activities and follow-up on recommendations.
- (9) In accordance with *Ontario Regulation 361/10 of the Education Act*, the audit committee will report to the Board of Trustees on items such as the annual audit plan and summary of work performed by the Board's internal auditor (including RIAT), with a copy submitted to the Ministry of Education. In addition, the committee is required to report to the Board of Trustees on items such as a summary of work performed by the committee, an assessment of the Board's progress in addressing findings and recommendations made by the internal or external auditor and attendance record of committee members.
- (10) Review and assess the adequacy of the audit committee's terms of reference annually, and ensure appropriate disclosure as may be required by law or regulation. Confirm annually that all responsibilities outlined in the terms of reference and *Ontario Regulation 361/10* have been carried out.
- (11) Subject to the approval of the Board of Trustees, obtain legal advice, retain independent accountants or other professionals to advise or assist the committee.
- (12) Report to the Board of Trustees annually, and at any other time that may be required, on the committee's performance of its duties.

**Reports to:** The Board of Trustees